

# The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

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## Liability Limits Can Be Too High And Too Low; Pose A Real Problem

By KENNETH O. FORCE

The number (and often the severity) of underinsured losses in property, or first party, coverages continues to be of such magnitude that it is apparent that insured, insurer and agent have failed substantially to solve this problem. The underinsured loss should be—but is not—a rarity. Underinsurance keeps money from insurers and agents they are entitled to, and imposes on insured the risk that insurance will fail in part to do what it is supposed to do for his benefit.

Believing that there is also underinsurance in third party liability, The NATIONAL UNDERWRITER asked several companies for examples of underinsured liability losses.

A study of the comments and observations of those who spend most of their time in the liability business makes it apparent at once that:

1. Though there are cases of inadequate bodily injury limits, many limits may be too high, especially on the average automobile insured with little or no property.

2. In the personal field the proper and the only sound course appears to be to recommend limits no higher than 20/40 (or the tort death limit of the state) except to a prudent man with property.

3. In the field of the commercial risk, BI limits unquestionably need attention, on both general and automobile coverage.

4. For both the personal and commercial risk, there is some evidence that property damage liability limits tend generally to be too low. A surprisingly large number of PDL underinsurance cases are reported. Here, of course, the danger of creating artificial wealth with higher limits would not exist, since the claims are subject to measurement against dollar values.

5. One of the current programs of

National Assn. of Compensation Claimants' Attorneys is to advertise widely the need of increasing liability limits and the very low cost of doing so. Perry Nichols of Miami, NACCA president, recently urged members of NACCA to promote higher limits through publicity, speeches, and in personal conversations. He suggested that audiences at any luncheon meeting at which NACCA members are speaking should be told that for half the price they pay for the meal they can obtain limits of 200/400 compared with 50/100—and why shouldn't they have adequate protection when it can be purchased so cheaply? He emphasized the publicizing of large settlements and huge verdicts. But he especially recommended that NACCA members tell those with whom they talked or with whom they had contact how easily these individuals and the companies in which they are interested

(CONTINUED ON PAGE 15)

## Set Up Credit Cover Rules In N. Y. On Rates And Handling

Ceiling Lower Than Going Rates, Ask More Statistics, Bar Creditor Loss Handling

NEW YORK—Superintendent Julius S. Wikler has promulgated new rules governing the rate, coverage, and handling of insurance sold in connection with small loans, installment purchases and other credit transactions. The rules are geared to the new legislation in this field adopted by the 1958 legislature and deal with credit life, credit A&S, physical damage on financed cars, etc.

The new rules establish maximum rates that may be charged for both credit life and credit A&S, and the new maximums are less than the previous "going rates" in this field. For example, the going rate for group life per \$1,000 of insurance in force per month has been 50 cents, the ceiling would bring it down to 40 cents.

Borrowers are to get evidence of insurance and insurance charges. They are to get refunds where they are entitled to them. The insurer of financed automobile, for example, must settle claims—the lending institution cannot do so, though a contingent commission is not barred. Insurers are to keep statistics on credit cover business in considerable detail. Previously they have not been required to do this and many of them have not.

Pre-Existing Exclusion Barred

In A&S, the insurer is barred from denying liability because of preexisting conditions, except pregnancy, and from excluding claims except for intentionally self-inflicted injuries, foreign travel or residence, non-scheduled aircraft travel, war, or military service.

Praising the purpose of credit coverage, Mr. Wikler said the existence of a captive market in this field has permitted certain abuses. An extensive investigation was conducted by the department into the credit insurance marketing practices of automo-

(CONTINUED ON PAGE 27)

## CIT Financial Corp. Buys North American Accident of Chicago

Announcement was made last week of the purchase by CIT Financial Corp. of North American Accident of Chicago. The price is \$14½ million for all the stock.

North American Accident will join the CIT group of insurers which is comprised of Patriot Life, Service Fire and Service Casualty. Charles W. Dow, chairman of the CIT finance committee and former president of Equitable Society, will become chairman of North American Accident. Headquarters of the company will remain in Chicago.

The Chicago Tribune, reporting the purchase, said the stock was bought from Nationwide Corp., the holding company owned by Nationwide Mutual, and "a group of Chicago business men." Nationwide has held about 33% of North American Accident stock in a purchase reportedly from the estate of Marshall Field.

There is no president of North American Accident. The position of chairman and chief executive officer had been held by Jacob L. Fox, who died in August. He was the attorney for the late A. E. Forrest, former president and owner of the majority stock.

North American Accident has assets of about \$40 million and has about \$150 million of life insurance in force. It does a substantial A&S business.

## OL&T Rates In Wis.

National Bureau has increased OL&T BI rates for area and frontage classifications in Wisconsin by an average of 17.5%, effective Sept. 3.

## Tangier Insurer Plans To Move Its U. S. GHQ To Chicago

Within hours of a recommendation that the California department proceed to liquidate International Guaranty & Ins. Co. of Tangier, the company announced that it was withdrawing from California and would set up shop in Chicago under the aegis of Frank J. "Spike" McAdams Jr., Chicago attorney and judge of boxing bouts, and Paul Van Wagner Jr., described as a builder-contractor and owner of an estate in Bartlett, Ill., on which there is a second mortgage of \$300,000 on the books of the insurance company.

C. J. Wiese, California department investigator on the job since December, reported to Commissioner McConnell that it was time to bury International Guaranty. The company issued prospectuses to agents and insured showing a trust fund of \$1.1 million, but Mr. Wiese says the company is in the red for \$247,000. The department took over the company April 3 after a month of investigations of complaints. Mr. McConnell charged International Guaranty was operating in California without a license and actually was operated by Stewart B. Hopps, whose record in the insurance business amazes all who review it.

## Records Hard To Get

The company fought the department action and the charges. J. W. Ehrlich, the original general counsel, asked for time to meet with some of the commissioner's demands, but his promises did not materialize and hearings were ordered. Lloyd Dinkelspiel, prominent attorney, was engaged in behalf of International Guaranty, and he turned over a few of the records demanded

(CONTINUED ON PAGE 27)

## Cal. Agents Favor Suing Companies By 12 To 1 Margin

Members of California Assn. of Insurance Agents have given a 12 to 1 endorsement to the action of the officers in bringing suit against the companies for alleged anti-trust law violations in reducing automobile commissions.

At a series of 15 regional meetings at which the anti-trust suit was given top priority, several hundred members voted on the up-coming law suit, and gave overwhelming support to the action.

## Suit Not Yet Filed

It is the contention of the California agents that certain companies and organizations have acted illegally in concert to reduce commission rates. Suit has not actually been filed, but it is expected to be done "as soon as

(CONTINUED ON PAGE 27)



"HE'S OUR VOLKSWAGEN UNDERWRITER."

## New Homeowners Coverage Given Microscopic Analysis

By BERNARD P. McMACKIN Jr.,  
Assistant Editor, F.C.&S. Bulletins

Part Two of a Series

Because it is pretty obvious Form 2, the broad form, is intended to take the place of homeowners B and, of course, the CDP with the broad fire and allied lines form, it seems worthwhile to discuss it in some detail, with somewhat abbreviated references to the other new forms to follow.

There is no appreciable change in the definition of dwelling except that the old exclusion of trees, shrubs, plants and lawns is now stated to apply "except as provided elsewhere in this form." Elsewhere, among the extensions, there is 5% of the dwelling limit on trees, shrubs and plants, subject to a limit of \$250 per tree, shrub or plant, and a statement that the dwelling coverage also applies to lawns. This is, of course, essentially the same as the trees, shrubs, plants and lawns extension of the dwelling buildings and contents broad form. It now specifically covers debris removal

of trees, shrubs, plants and (if such a thing be possible) lawns. But, as before, there is no coverage of wind or hail, vehicles operated by an occupant of the premises, falling objects or the weight of ice, snow or sleet.

The caption of the private structures feature—Coverage B—now reads "Apurtenant Private Structures." Quite inexplicably, the previous requirement that the structure be wholly detached from the main dwelling has been dropped. This was the source of some confusion, of course, especially where the structure involved was a breezeway or similar edifice. Perhaps it has been dropped as ineffective. It will be remembered that one of the reasons for the addition of the expression "wholly detached" was the concern of insurance men over some attempts at collecting the dwelling amount plus the private structures amount in case of a bad loss to a dwelling with an attached garage. Presumably this possibility now seems less formidable.

The caption of the personal property  
(CONTINUED ON PAGE 21)

## Cal. Study Group Holds First Session

After an all-day session Aug. 27 to resolve, if possible, ways and means of improving present methods under which the agency companies and producers are handling private passenger automobile insurance, representatives of Insurance Brokers Exchange of California, California Assn. of Insurance agents, Pacific Coast Advisory Assn., Society of Insurance Brokers of San Francisco and Insurance Brokers Society of Los Angeles, adjourned until Sept. 24. The second meeting will also be held in San Francisco.

Eugene Sullivan, executive secretary of the IBEC, said that the problem and procedures were thoroughly scrutinized and analyzed in an effort to determine basic conditions to be further studied in the search for a solution. The September meeting will also be an all-day conference.

The joint efficiency study committee was formed on July 1 for the purpose of studying present methods under which the agency system companies and the producers are conducting private passenger automobile business in order to effect economies, increase efficiency and secure a more favorable competitive position. It was subsequently expanded to study other forms of insurance.

## Buffalo Names Three In Ind., Mich., N. Y. And Cal.

Buffalo has appointed Denzel M. Fewell state agent for Indiana and Michigan with headquarters at South Bend. He has been in the local agency business there.

Edward W. Snell has been named state agent for central New York in charge of the Syracuse service office. He was formerly state agent there for Millers National.

Spencer A. King has become special agent at San Francisco where he will be associated with Robert W. Dinsmore, manager.

## Insurance Teachers OK Institutional Members

To further its membership drive, which has brought in over 200 new individual members so far in 1958, American Assn. of University Teachers of Insurance has voted to establish a new, "institutional membership" class. Under the plan, insurance institutions will be invited to join the association at a \$50 membership fee.

Invitations for such memberships will be issued throughout the remainder of 1958, to become effective as of 1959. Institutions joining during 1958 will be put on the mailing list of the association's Journal of Insurance at once even though membership is not effective until 1959.

Kenneth W. Herrick, Texas Christian University, reported the largest gain in membership for the year to date has been in associate members, the association having virtually exhausted the "market" for active members. Only individuals teaching college credit courses in insurance are eligible for active membership, but associate membership is open to anyone having an interest in any phase of insurance education.

## Two Agents Fined In Ore. On Green River Violation

Jack C. Thompson and Donald J. Edwards were fined \$25 each for door-to-door solicitation of insurance at St. Helens, Ore., following trial in the city court. They were arrested several months ago for violation of the city's Green River ordinance outlawing door-to-door sale of goods, wares or merchandise.

Thompson and Edwards contended that the ordinance would not effect insurance agents because they are licensed by the state, and further that the ordinance applied only to the sale of goods. It was held by the city attorney that the ordinance applies to the practice of selling door-to-door uninvited and that it is a nuisance.

## New Insurance Information Unit Opened In Illinois

Illinois Insurance Information Service has been organized by 25 domestic casualty companies as an agency to serve as a clearing house for information on automobile insurance.

The president is J. M. Smith, president of Continental Casualty.

Thomas F. Reynolds, former managing editor of the Chicago Sun-Times, will direct operations of IIIS with offices in the Board of Trade building, Chicago. IIIS is domiciled temporarily with Inter-Insurance Exchange of Chicago Motor Club until its quarters in the Board of Trade building are ready for occupancy.

Mr. Reynolds was managing editor of the Sun-Times from 1950 until the beginning of 1958. Prior to that he was White House and foreign correspondent for the Sun-Times and the United Press.

The participating companies in IIIS are Allstate, Continental Casualty, Economy Fire & Casualty, Farmers Auto of Pekin, Freeport, Illinois National, Chicago Motor Club, Lumbermens Mutual Casualty, American Motorists, Federal Mutual, Motor Vehicle Casualty, State Farm Mutual, Union Automobile Indemnity Assn., Prairie State Farmers, and Zurich.

## Homer Bray Head Office Moved To Evanston, Ill.

Homer Bray Service, managing underwriters of Albuquerque, has moved its headquarters lock, stock and barrel to Evanston, Ill. Involved in the exodus were more than half of the firm's staff of 75 employees, including 21 families, who migrated to the new location.

Charles W. Bray, president, said the move to the new 4-story home office in Evanston was made because he thought that area is better suited as a headquarters to operate a nationwide organization. Albuquerque will be serviced from the Denver office, he said.

The firm has been in Albuquerque since its founding there in 1949 by the late Homer Bray. It is broker for London Lloyds and U. S. manager for Storebrand of Oslo.

Also moving to Evanston is Central Casualty of which Mr. Bray is president.

## Mo. Windstorm Insurer Forms Casualty Division

State Farmers Mutual Tornado of Cameron, Mo., has reorganized as a multiple line company, setting up a casualty division to write general lines in Missouri.

Harry D. Knight of Cameron, former executive vice-president of State Farmers Mutual Casualty, is vice-president and general manager of the new casualty division. Before going with the company he was claims manager of Central Standard Indemnity. He began in insurance in 1953 as claims representative of Iowa Farm Mutual.

## Adjusting Practices Under Legislative Glass In California

A California assembly insurance interim committee has launched an investigation into the practices of insurance adjusters with the evident aim of seeking stricter legislation at the 1959 session of the legislature. It developed at a hearing in Sacramento that complaints have allegedly been received that some company and independent adjusters—and some unnamed attorneys—have been practicing unethical—if not unlawful—ways and means of obtaining evidence, testimony and settlements.

Testimony was brought out to the effect that some adjusters have been carrying recording devices in their brief cases or hidden on their persons; that bribes have been offered in addition to other unethical practices, and that some have been practicing without a state license.

Fred A. Taylor, assistant director department of professional and vocational standards, urged the committee to prepare new legislation to tighten up regulations.

Appearing before the committee was Cecil C. Thompson of Oakland, president of California Assn. of Independent Insurance Adjusters. During the course of his interrogation he replied in part—"I couldn't begin to tell you the number of bribes that have been tendered me." He cited one case where, he said, he had been offered \$5,000 to settle a case for \$50,000. The offer came from, he said, the plaintiff's attorney. He also said: "There must be a thousand bad practices possible and they would be difficult to regulate. He cited the 'trick question' to coax a witness to an accident into an ambiguous reply, saying such a question is used to trap the witness.

Mr. Thompson said these practices were not condoned by legitimate adjusters, either independent or company, but by "weak individuals" mostly in newly established and small firms.

## Toale Becomes V-P Of Wohleisch & Anderson

Eugene A. Toale has joined Wohleisch & Anderson, nation-wide brokerage firm of New York City, as executive vice-president. He began with America Fore in 1936. From 1950 to 1955, he was director of education for National Assn. of Insurance Agents, and then became manager of Security at New York.

In 1957 he went to Home as associate manager of the metropolitan department.

Mr. Toale is a past president of the New York chapter of CPCU and was general chairman of its 1957 annual meeting in New York.

## Balas In Ohio Field

American Surety has appointed Ronald F. Balas special agent at Cleveland. He joined the company in 1955 and was a casualty underwriter prior to his new appointment.



J. M. Smith



Eugene A. Toale



September 5, 1958

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## AFIA's Premiums Multiply 50 Times In Its 40 Year History

American Foreign Insurance Assn. this year is marking its 40th anniversary. Starting with 19 fire and marine insurers, AFIA now operates in 70 countries throughout the free world, providing non-life insurance for American and foreign national risks outside North and Central America.

In spite of postwar conditions of two world wars, inflationary periods and depressions, AFIA's member companies have succeeded in fostering their positions in the countries where they are registered. From a little more than \$1 million in 1920, AFIA's premiums have grown to more than \$50 million a year. Its personnel has increased from a handful to 2,200, its branches and agencies expanded from one to 100 and from six to 550, respectively, not including several thousand soliciting agents in many countries.

President James O. Nichols is the fifth man to head AFIA. The present chairman of the trustees is John A. North, president of Phoenix of Hartford, who serves with Vice-chairman K. E. Black of Home and J. F. Crafts of Fireman's Fund.

## State Taxes Rise 6.7%

WASHINGTON—Department of Commerce reports preliminary figures indicating total insurance premium tax collections by states of \$456 million for the fiscal year ended last June 30. This represents an increase of 6.7% over 1957, and is equivalent to \$2.69 per capita.

## Traffic Deaths Down In July

Traffic deaths in July decreased 3%, numbering 3,140, according to the National Safety Council.

July was the 11th month in a row and the 19th in the last 20 to show a drop in traffic deaths from the same months of the year before.

The traffic death toll for the first seven months of 1958 was 7% below the same period last year—19,280 this year against 20,750 in 1957.

Disabling injuries from traffic accidents for the seven-month period in 1958 totaled 650,000, the council estimated. For the same period last year the estimate was 700,000.

## Jordan Retires; Roberts In Ill. For Royal-Globe

William A. Jordan Jr., state agent at Richmond for Royal-Globe, has retired after more than 36 years with the company. He has been in the Virginia field since 1922.

William E. Roberts has been appointed special representative for inland marine, burglary, glass, ocean marine and aviation at Chicago.

## Swift Buying Globe Life

Swift & Co., the Chicago meat packers, are negotiating to purchase all the stock of Globe Life of Chicago. Reportedly more than 90% of the shares have been deposited under the offer.

Swift & Co. already has a casualty insurer, Security Mutual Casualty, which was organized in 1913 to write liability insurance for packers.

## Estes V-P; 2 Leave New Hampshire

New Hampshire has advanced George D. Estes from secretary to vice-president of the group. He was an engineer with Factory Mutuals before joining the company in 1938. He became assistant secretary in 1951 and secretary in 1953.

Harold C. McAllister, vice-president, has retired at his own request after 38 years with the company. He was in the Connecticut and Massachusetts fields 15 years, and then returned to the home office to become successively assistant secretary, secretary, vice-president and director.

Morris C. Clark, assistant secretary since 1956, has retired for health reasons after 41 years in the underwriting department, chiefly as supervisor of New York and New Jersey.

## Stockham Honored On Eve Of Retirement

On the eve of his retirement, R. P. Stockham, assistant U. S. manager and corporate secretary of North British group, was honored at a luncheon at the Bankers Club of New York tendered by W. L. Nolen, U. S. manager, with home office staff members. On their behalf Mr. Nolen presented Mr. Stockham with an illuminated scroll of a resolution passed by directors of North British Ltd. for outstanding meritorious and conscientious service over almost 46 years.

He also received from associates a camera and equipment, which he will use on a forthcoming European tour. Presentation was made by General Counsel Edwin McLoughlin.

Mr. Nolen also read messages of good wishes from R. G. Harman, general manager at the London head office, and from heads of branch offices countrywide.

## See FR For Boat Owners Before Minn. Legislature

A financial responsibility law for boat owners and operators is expected to be sought at the coming session of the Minnesota legislature. A heavy increase in boating on Minnesota waters has accounted for several accidents the past season, and legislative action of some kind is needed, authorities believe.

One writer reports that "there is much thinking in legal circles that laws may have to be adopted that will place restrictions on boaters just as they now do on motorists. . . . This could possibly mean licensing of boat drivers and application of financial responsibility laws for the protection of anyone injured or suffering property damage from a boat."

## Nationwide General To Start Operations In Ohio And Vt.

The merit rating plan for automobile insurance of Nationwide General, the affiliate of Nationwide Mutual, is being introduced in Vermont and Ohio this month.

Nationwide General has \$2 million of capital and surplus. It is starting its operations in Vermont and Ohio as pilot states in which it will use nine different rates ranging from 60 to 400% of the base premium depending on the accident record.

Liberty Mutual has elected Joseph J. Snyder a director. He is vice-president and treasurer of Massachusetts Institute of Technology.

## Production Changes In West And South For North British

William H. Noble has been appointed superintendent of agencies for the western department of North British group at Chicago, succeeding C. H. Kelly Jr., recently transferred to New York as assistant superintendent of the administrative claim department in association with Secretary W. S. Mooney.

James B. Cooper succeeds Mr. Noble as state agent for Kansas, except a few counties adjacent to Kansas City. State Agent Homer H. Minnick and Special Agent Richard T. Lauer will be associated with him at 915 Brown building, Wichita.

J. G. Parsons, assistant secretary and assistant manager of the southern department at Atlanta, transfers to Little Rock at Arkansas manager. Gilbert F. Jones succeeds him at Atlanta.

Edward J. Hodge, formerly Arkansas stage agent, will transfer to Oklahoma in the same capacity, in association with State Agents Don H. Shannon and W. C. King and Special Agent Raymond Lemm, at 910 Colcord building, Oklahoma City.

Mr. Noble started in insurance in 1920. For the past nine years he has represented the group as state agent in Kansas.

After several years in field and home office claim work, Mr. Kelly joined Central Surety in Kansas City in 1949. Since then he has served in both claim and supervisory work at Kansas City. He began in 1934 as a claims attorney.

After three years of service with Oklahoma Rating Bureau, Mr. Cooper joined North British as special agent and rating engineer in Oklahoma and for several years has been state agent in eastern Kansas.

Mr. Jones was a field man in Tennessee. Recently he has been assistant manager at Philadelphia.

Mr. Parsons for several years was with Arkansas Inspection & Rating Bureau. He has served in the southern department, both in New York and Atlanta, for the past six years.

## Interstate F.&C. Has Record 6-Month Gains

Interstate Fire & Casualty has reported its best six months ever for the period ending June 30. Premiums written total \$2,416,728 compared with \$1,611,577 for the same period in 1957, an increase of 50%. Underwriting profit before taxes was \$20,880. Net earnings after deducting estimated income taxes were \$39,661 compared with \$22,258 in 1957. Total assets also reached a new high of \$4,767,607.

Policyholders' surplus advanced to \$1,356,108, an increase of 64% over the amount shown at year end. This increase was due to retained earnings and from the proceeds of a successful stock issue. The company is managed by Geo. F. Brown & Sons, Chicago excess and surplus line organization.

## Slate Okla. Auto Hearings

The state insurance board of Oklahoma has scheduled a hearing Sept. 16 on the applications of the National Bureau and National Automobile Underwriters Assn. for increased rates. Commissioner Hunt is making an issue of the change in the acquisition cost figure from 25 to 20%.



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## Program Announced For Pennsylvania Agents Convention

Pennsylvania Assn. of Insurance Agents' annual convention at Bedford Sept. 7-9 will open with the directors' meeting Sunday evening. Samuel G. Kurtz of Lebanon, chairman of the legislative committee, and Huethe F. Dowling, general counsel of the association, will present reports. O. D. Shipley, Pennsylvania director of highway safety, will speak on "This Problem of Traffic Accidents."

Harold C. Aulenbach of Reading, general convention chairman, will preside at the opening general session. Delegates will be welcomed by Paul J. Trimbur of Pittsburgh, vice-president. The annual presidential address by William J. Graul of Allentown and reports by George J. Margraff, state national director, and by J. Carroll Goodman, chairman of the property committee, both of Philadelphia, will follow. The morning session will conclude with an address by Edmund L. Zalinski, executive vice-president of Life of North America.

In the afternoon a round table conference on "The Time Is Now" will be headed by A. H. Kessler, vice-president of the A&S department of American Casualty, assisted by John W. Homer Jr. of Reading, chairman of the casualty committee. American Casualty will sponsor the cocktail party before dinner, which will be followed by a water show.

### M. V. V. White To Speak

Tuesday morning reports will be made by Edward L. Smead of Williamsport, chairman public relations committee, by C. G. Griffith III of Altoona, chairman fire safety committee, and by Robert B. York, highway safety chairman. Fire and highway safety awards will then be presented. Following an address by Morton V. V. White of Allentown, member of the executive committee of NAIA and past president of the Pennsylvania association, reports of the resolutions and nominating committees will be made. Election of officers and directors wind up this session.

An afternoon panel, "What's Ahead in Insurance," will be moderated by Professor R. H. Wherry, head of the department of commerce of Penn State University. Panelists are Drew C. Briner of National Union; Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER, and Samuel H. Swart of Reliance. The annual banquet will close the meeting.

## New Mexico Insurers Will Meet At Santa Fe, Oct. 16

New Mexico Insurers will hold its annual convention in Santa Fe, Oct. 16-18.

Guests speakers scheduled include Porter Ellis, NAIA executive committee; Commissioner Apodaca; Raymond Hill, vice-president Fireman's Fund and Home F&M.; and Jack Daily of the Alston agency, Lovington. Also featured will be a round table discussion on new developments in the industry, and a banquet on the last night with Chester Locke of Continental Oil as master of ceremonies.

The Kentucky pond of Blue Goose will hold its annual stag golf party at Lexington Country Club, Sept. 25.

# Fire Agents Give Views On Life As Competitive Facility Or Threat

THE NATIONAL UNDERWRITER asked representative agencies over the country if they believed the local, independent, property insurance agent should sell life insurance—to give insured full one-stop service, to defend their fire and casualty business against the competition of a fully multiple line agency or company, and to increase profits. Here are additional comments that were received.)

We think life is essential and we have operated a limited life division five years. Since this is a one-man operation the problem is to get time to sell life—possible so far only by night solicitation. Occasionally we arrange a monthly payment plan for commercial coverages. The failure to handle life produces the special problem of losing income that we might otherwise have. We believe companies will favor agents that give them life volume.

We believe that a life insurance

department is essential to the prosperity of a general insurance agency. In the operation of our agency, which incidentally is the oldest general insurance agency in the city, we feel that it would be impossible for us to render a complete insurance service, not only to individuals, but to industry unless we were in a position to advise, consult and underwrite whatever the life insurance needs of our clients might be.

Yes, we do operate a life insurance department. We have had one for the past 25 years. We have our own life insurance specialists. We certainly work with those life insurance companies with which we do business, but we do not "rely" on the life company specialists. We do not represent any life company on an agency basis. We operate our life insurance department on a strictly brokerage basis. This is, in our opinion, the ideal situation.

We very rarely use a monthly premium payment plan for clients on

whom we write personal coverages. We do have a monthly premium payment plan on commercial coverages, such as group, hospital, surgical, life, etc. We have not found that a monthly premium payment plan on anything but the commercial accounts is necessary. We do handle A&S in the life department. We find that there is a close affinity between A&S and life insurance as opposed to our general fire, marine and casualty lines; and therefore it seems more efficient to handle our A&S business in this manner.

Having a life division will help keep the local property agent in the picture on an over-all basis and thus help preserve the fire and casualty lines from the direct writers. We have had life eight years and run the department with our own specialists so that we are free to use any company—though we have only one principal market. We have found no special

(CONTINUED ON PAGE 19)

## New Lloyds Office Is Opened At Chicago

Vickery, Hoyt & Graham, Lloyds correspondents, has been formed at Chicago with offices in room 1023, Board of Trade building. The officers are E. Brook Vickery Jr., president; Robert M. Stewart, vice-president, and E.B. Vickery Sr., secretary.

Brook Vickery, who has been executive vice-president of Illinois R. B. Jones, is a graduate of the John Marshall Law School, and started in insurance with Hartford Accident at Chicago. After service in the navy during the war, he joined America Fore in the western department, and then was with Thomas T. North adjusting company of Chicago as vice-president. In 1953 he joined Illinois R. B. Jones.

Robert M. Stewart for 15½ years was with Illinois R. B. Jones, most recently as chief underwriter and vice-president. Before that he was with the old Meyers-Engel Co. agency of Chicago for eight years. He started in the business with the old Union Indemnity of Louisiana in the Chicago office, and was with Stewart, Keator, Kessberger & Lederer agency before going with Meyers-Engel.

E. B. Vickery Sr. retired in 1955 as secretary in charge of the Chicago and Cook county operations of the fire companies of America Fore group after 50 years with the companies. He was made Chicago manager in 1917 and secretary of the fire companies in 1928.

Massachusetts Bonding has appointed Irving L. Bennett assistant manager of the automobile underwriting department at the home office. He has been manager of the casualty department at New York.



E. B. Vickery Jr.

## Profiteering Claim Attorneys Seen As Menace To U. S. Legal System

Profiteering in bodily injury liability compensation by "an insidious and selfish group of barristers" was described as a threat to the American legal system as well as the existing structure of compensation by private insurance companies by Edward P. Gallagher, executive vice-president of American States, at a recent meeting of the section on insurance, negligence and compensation law of American Bar Assn.

Mr. Gallagher said that although many lawyers represent injured claimants from time to time, it is a small percent of them who represent a large percent of the claimants. A great part of big personal injury fees from important cases which would usually be divided among all lawyers, is acquired by a relatively few soliciting lawyers having no ethical standards either in acquiring or in handling their business.

### Contingent Fee Income High

He noted that the average income of the approximately 250,000 lawyers in the United States is around \$10,000 a year. However, he said he was directing his criticism at the small group of lawyers who were receiving from \$75,000 to \$1 million a year in contingent fees.

In 1957, there were 38,500 persons killed and 1.4 million persons injured in auto accidents alone in this country, resulting in payments for both personal injury and property damage claims of over \$3 billion. Insurance companies and self-insured organizations paid \$2,211,093,333 for personal injury and death claims. If plaintiff's lawyers took one-fourth of this in contingency fees, he said they would have received \$552,773,333. "Probably a group not exceeding 3,500 lawyers or firms, each having incomes from contingent fees ranging from \$75,000 to \$1 million a year received a greater part of this veritable pot of gold," he estimated.

Mr. Gallagher cited one midwestern

law firm which received \$14,729,389 from one group of defendants in a period of little over five years. At a 30% contingent fee, this firm would have received \$4,418,816, or an income of \$70,140 each month from this part of their contingent fee business alone. This firm last spring had 403 damage suits pending against railroad companies alone with the demands running into millions of dollars.

In one midwestern city, six lawyers or firms out of a total of 3,500 control 1,800 personal injury law suits. This is 65% of such cases filed in the courts and awaiting trial. On one average day, these six firms had 52 suits on the trial and active list, and 31 suits on the engaged counsel list, which meant that these cases were ready for trial but the lawyers were too busy to try them. Yet when interviewed, the head of one of these firms complained: "We need better judges. The quality of the present bench leaves something to be desired."

"Naturally, I am in favor of fair compensation for all competent attorneys, based on the time expended and their services to their clients," Mr. Gallagher declared. "However, the equities do not add up, and constantly increasing thousands of injured persons and their relatives and friends resent and mistrust all lawyers as a result of over-charging by a relatively few."

### Injured Party At Sea

Mr. Gallagher directed his attention to the injured person who he said has no set of values to follow when a contingent contract is entered into and who has no legal recourse if the contract isn't cricket. It is possible, he said, that under such a contract a few days of services rendered can earn a lawyer \$10,000 to \$15,000 while his client who may suffer the rest of his life receives no more himself.

There is a wide disparity between  
(CONTINUED ON PAGE 27)

## Mich. WC Chief Queried On Surety Bond Rule

LANSING—The Michigan legislature's administrative rules committee questioned the necessity during the past week of a new workmen's compensation department rule requiring self-insuring employers to post surety bonds or make a securities deposit for a minimum of \$25,000.

Zolton Ferency, who recently took over as the department's director, succeeding Thomas H. E. Quimby, was

questioned sharply about the rule and was ordered to return Sept. 23 "prepared to support this new rule."

Sen. Edward Hutchinson, Fennville, first asked Ferency why the new requirement had been established for self-insurers.

### Locking The Barn

"We are trying to lock the barn before the horse is stolen," he explained, citing possibility that an employer might become financially involved to the extent that compensation claims

might not be met.

Hutchinson asked for specific instances to back up this claimed hazard and Ferency was able to produce only one in which an injured worker was forced to file his claim in bankruptcy court.

"That is unfortunate, but a rare instance of misfortune in a fund that goes back to 1912," Hutchinson declared. "When rules of this importance are changed they should be justified should be notified."

by experience and all employers

## AEC Will Accept Other Than Syndicate Cover

Atomic Energy Commission has indicated that it proposes to adopt two amendments to its regulation relating to the indemnity to protect its licensees, their suppliers, and the public against losses arising from reactor accidents. Comments and suggestions from those interested are invited.

The first proposed amendment provides that insurance possessed by licensees in the form offered by Nuclear Energy Liability Insurance Assn. and Mutual Atomic Energy Liability Underwriters meets the requirements of the AEC act and AEC's regulations relating to financial protection.

The second amendment would establish a standard form of indemnity agreement to be entered into by the commission with its licensees.

### Regulation Issued In 1957

The regulation which the proposed amendments would revise was issued in September, 1957. Under it a licensee to operate a nuclear reactor is required to furnish proof to AEC that he has obtained third party liability insurance or other suitable financial protection in an amount prescribed by AEC. The commission then enters into an indemnity agreement with the licensee protecting him and his suppliers—and any other person who may be liable—against public liability claims which exceed the amount of financial protection possessed by the licensee. The agreement would provide up to \$500 million of government indemnity.

The stock and mutual liability insurance pools are offering a standard nuclear energy liability insurance policy which the commission amendment rules meets the financial protection requirements contained in the AEC act.

However, AEC indicates that it is not intended that NELIA and MAELU forms will be the only insurance which AEC will approve. Other policies may be acceptable if they appear to provide adequate financial protection. Similarly, the form of indemnity agreement proposed as standard may not be applicable in all cases and may be altered as circumstances require.

## Hartford Fire Promotes Six In Tabulating, Statistical

Hartford Fire group has promoted six in its home office tabulating and statistical departments.

Francis J. Galovich was named superintendent, Leo H. Graywacz associate superintendent, and Clifford Floyd assistant superintendent of the group tabulating department.

Russell C. Shenstone was appointed superintendent, and Richard A. Howard Jr. and Walter J. Commerford Jr., assistant superintendents of the group statistical department.

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- 2, 3, 4 and 5-Year Term—Whole Life (Minimum \$10,000).
- Assured Accumulator (Minimum \$10,000).
- Whole Life with Family Protection Benefit (Minimum \$10,000).
- Whole Life with Seven-Year Double Protection (Minimum \$10,000).
- Double Protection to Age 65 (Minimum \$2,000).
- Whole Life (Minimum \$10,000) Issued Ages 0-70 except in New York ... not issued prior to Age 10.
- Life Modified Three (Minimum \$5,000).
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## Commissioners Will Feature NAIA Panels

A workshop program with panels on fictitious group insurance and on trends in the business will feature the opening session of National Assn. of Insurance Agents' annual meeting at New Orleans on Oct. 6.

Morton V. V. White of Allentown, Pa., a member of the executive committee of NAIA, will be coordinator of the fictitious group panel. Other members are Robert E. Battles of Los Angeles, past president of NAIA, and

Joseph S. Gerber, Illinois commissioner.

The trends panel will feature three commissioners: Arch E. Northington of Tennessee, president of National Assn. of Insurance Commissioners; T. Nelson Parker of Virginia, and Joseph A. Navarre of Michigan, immediate past president of NAIC.

T. K. Robinson Jr. has joined his father and David V. Johnson in the Robinson-Johnson agency at Memphis. He has been with U.S.F.&G. at Nashville.

## Four Promoted By Hartford Accident

Hartford Fire has appointed William T. Fogarty assistant manager of the casualty department at Minneapolis. He joined Hartford Accident in 1941 as an underwriter at Chicago and was assistant superintendent of the automobile department there from 1947 until last year when he went to Minneapolis as superintendent of casualty underwriting.

W. Douglas Hendry has been named superintendent of the agency depart-

ment at New Orleans. He began in the local agency business in Louisiana and went with the company in 1951 as a fidelity and surety underwriter. From 1953 until his new appointment he was special agent at Shreveport where he is succeeded by Paul G. Woodring.

Mr. Woodring has been with the company since 1952 on the engineering staff at San Antonio and at New Orleans where he transferred to the agency department early this year.

Joseph C. Wilson has been appointed superintendent of the fidelity and surety department at Baltimore where he will supervise production and underwriting in Maryland and Virginia. He joined the company in 1940 as a casualty underwriter at Philadelphia, and was later special agent in Wilkes-Barre, Scranton, Allentown, and most recently at Philadelphia.

## Fire Week Proclaimed

President Eisenhower has designated the week of Oct. 5-11 as Fire Prevention Week.

## Western N.Y. Blue Cross Rates Rise Half That Asked

Superintendent Julius S. Wikler of New York has denied the application of Hospital Service Corp. of Western New York, Buffalo Blue Cross organization, for 40.7% increase in rates, but approved a boost of 21.5%.

The superintendent said he was prepared to grant a 21.5% increase to maintain the plan's surplus position for the fiscal year ending Sept. 30, 1959, at the approximate figure the plan will report in its statement as of Sept. 30, 1958. This follows his approach in the New York Blue Cross rate decision.

## Boost St. Louis Blue Rates

ST. LOUIS—St. Louis Blue Cross plan as of Dec. 31 will increase rates to 14%. Blue Shield rates will be unchanged.

## Hold All-Industry School In Ky.

Kentucky all-industry insurance school will be held at Murray State College, Sept. 8-12. The Kentucky department will conduct state examinations following the session, with examinees receiving 25 points credit for their school attendance. Kentucky Assn. of Insurance Agents, Kentucky Assn. of Mutual Insurance Agents, Kentucky Fire Underwriters Assn. and Kentucky Assn. of Casualty & Surety Managers are sponsoring the school.

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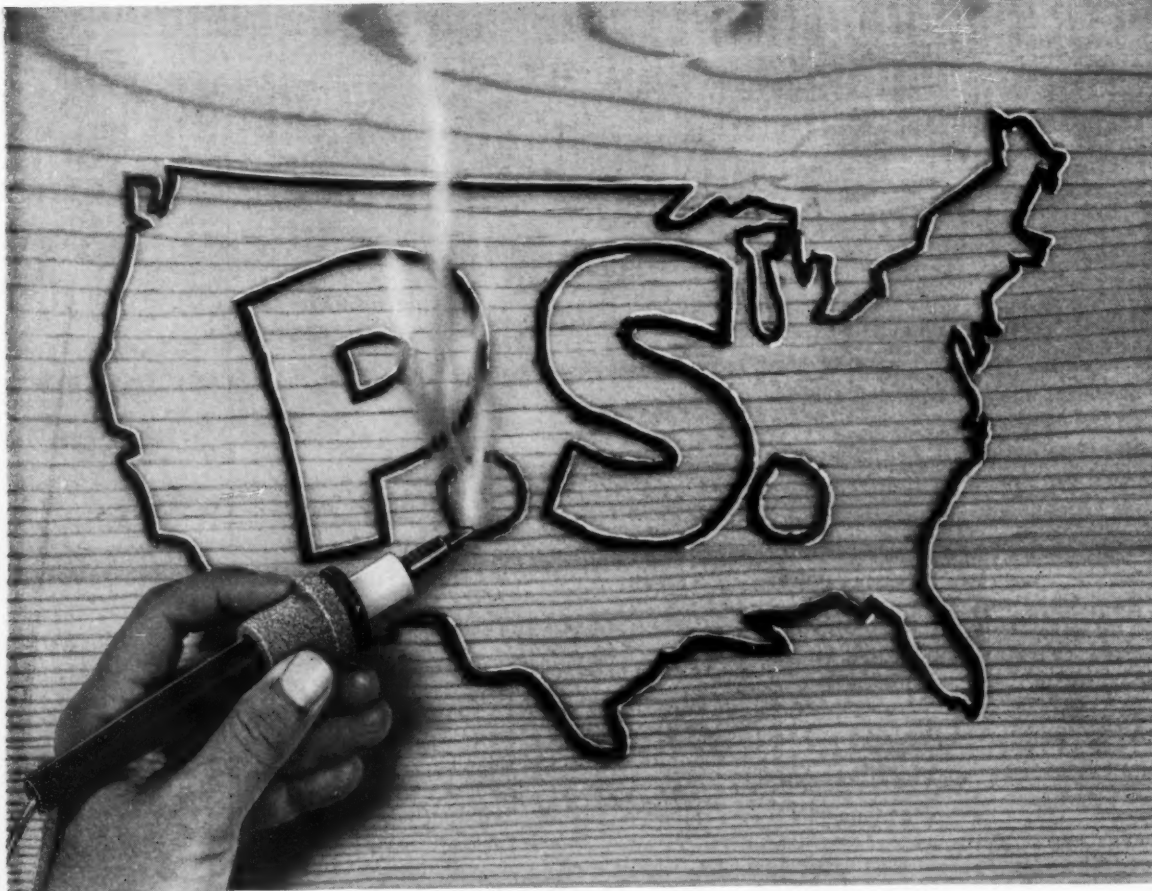
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## Wagoner Is Promoted By Aetna Casualty

Aetna Casualty has appointed George F. Wagoner marine agency manager at the home office. He joined the company in 1946 and has been marine state agent at Dallas since 1950.

## N. Y. Department Tests Drivers At State Fair

The New York insurance department is sponsoring a device at the "Senior City" section of the Syracuse state fair, Aug. 29-Sept. 6, to test the driving abilities of visitors and to inform the public that the cost of automobile liability insurance increases or decreases in direct proportion to the number of traffic accidents. The apparatus uses motion pictures to simulate actual driving conditions.

The department will keep statistical records on the reflexes and abilities of motorists over 60 for use in the continuing traffic accident campaign. The department is also sponsoring an exhibit of services to senior citizens by life and A&S companies, and related data on longevity and health problems.

## Liesner In N. Y. Auto Post For Aetna Casualty

Aetna Casualty has advanced James Liesner from associate manager of the New York automobile underwriting department to manager, to succeed Leo Williams, who has retired.

Mr. Liesner joined the company in 1936 in the liability underwriting department. He became superintendent of the underwriting department at the 42nd street branch in 1953, assistant manager of automobile underwriting of the New York office in 1957 and associate manager last June.

Mr. Williams began in claims work in 1912 and transferred to the automobile department shortly afterward. He had been manager since 1933.

## Travelers In Field And Claim Supervisory Shifts

Travelers has made five appointments in casualty, fidelity and surety lines. James C. Fink, who has been field supervisor at Albany, has become assistant manager at Indianapolis. Wade D. Bratton and Thomas M. Randall have been named field supervisors at Little Rock and at Cleveland, respectively. Paul E. Jensen has transferred from Hartford to Rochester as field supervisor, and Jack F. Von Glahn has become agency service representative at the 42nd street New York City office.

Sterling A. Morgan has been named fire and marine field supervisor at Louisville.

William H. Durdan Jr. and Perry L. Owen have been appointed claim office supervisors. Mr. Durdan has been with the company since 1948 and Mr. Owen since 1950.

The Ralph D. Warne agency of Columbus, O., has moved to larger offices at suite 231-233, 1372 Grandview avenue.

## St. Paul F.&M. Names Martin To Agency Post

St. Paul F.&M. has appointed Harlan R. Martin as an additional agency superintendent in the home office. He will work with Agency Superintendent J. A. Dokmo.

Mr. Martin joined the company in 1947 as a field man in Kansas, and in 1955 was transferred to the Aberdeen office where he has been manager for South Dakota since 1956.

## Hunter At Detroit For North British

North British has appointed Gordon Hunter Jr. superintendent of the inland marine, multiple peril, burglary and plate glass department for the Michigan-Ohio department. He will have headquarters at Detroit.

Mr. Hunter was with American for 11 years as an underwriter, and more recently as superintendent of the multiple peril department at the head office.

## La. Disapproves Special Mobile Home PHD Rate

The Louisiana insurance commission has disapproved a filing by American Fidelity Fire of a mobile home policy with fire-theft rates on house trailers higher than rates effective in Louisiana on automobile physical damage. The company also had asked a flat charge of 10% regardless of exposure in connection with vendor's single interest. Disapproval was based on the fact that no statistics accompanied the filing.

## Moulton Is N. J. Agency Manager For Boston

Boston has appointed Lewis C. Moulton manager of agency and production at the regional office, East Orange, N. J., under Carl F. Fry, regional manager. Mr. Moulton formerly was manager of the Connecticut branch at Hamden. He joined the company in 1950 and was special agent at Rochester and manager at Albany before going to Connecticut in 1956.

## To Offer CPCU Classes

Minnesota chapter of CPCU in cooperation with the University of Minnesota extension division will offer classroom instruction in parts I, II, and IV of CPCU. Parts I and II will be taught at the university on Monday nights, and William Peet of Marsh & McLennan will teach part IV Thursday nights.

Michigan Mutual Liability has promoted Walter Saes to assistant cashier. He had been auditor of disbursements in the accounting department since 1952, having joined the company in 1950.

Travelers has elected Lucius S. Rowe a director. He is president of Southern New England Telephone Co., New Haven.

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CHICAGO 47

## Pacific Indemnity Shows Premium Gains In 1958

Pacific Indemnity has reported gains in premium writings for the first half of 1958, with net premiums after deducting reinsurance ceded, of \$18,322,600, up 12%. Net premiums earned were \$17,340,300, up 15.4%.

Underwriting operations for the first half produced a \$1,263,400 loss, compared with \$1,913,500 in 1957. Non-recurring expenses of about \$275,000 added to the loss. Increase

of equity in unearned premium reserve, not included in earnings reported for either of the two periods, was estimated at \$343,800 for the first half of 1958 and \$453,600 for the first half of 1957.

Combined underwriting and investment operations without regard to increase in equity in the unearned premium reserve, produced net loss during the first half of 1958 of \$514,400 or \$2.14 per share, compared with \$5.21 loss per share in the corresponding period last year.

## Exempt Schools From Nuclear Indemnity Law Under Compromise Bill

President Eisenhower has signed a compromise version of a bill to exempt non-profit education institutions using nuclear reactors from the financial requirements of the atomic reactor indemnity statute.

The amended bill limits government indemnity to liability claims in excess of \$250,000, up to the fixed limit of

\$500 million. This provision will keep Atomic Energy Commission out of the small claims business.

Individual institutions will now decide on the basis of their own state laws what coverage, if any, they will provide of the first \$250,000 of liability. Private insurance, suppliers' liability insurance or special state procedures may be used as protection against nuclear claims.

Alleged inability of colleges and universities operating reactors to purchase insurance or otherwise provide financial protection because of prohibitions in state laws led to the introduction of the original bill which was opposed by the nuclear insurance syndicates and by National Assn. of Insurance Agents as an unwarranted invasion of the insurance business by the federal government.

The President also signed a bill authorizing indemnity coverage for persons engaged in the construction of the nuclear merchant ship, Savannah.

## N.H. Agents To Hear White, Thorn, Duffus

Morton V. V. White, Allentown, Pa., member of the executive committee of National Assn. of Insurance Agents, will address the annual convention of the New Hampshire Association at Twin Mountain, Sept. 15-16. His topic will be "What Next?" Craig Thorn Jr., Hudson, N. Y., past president of the New York association, will speak on present and future relations with companies. Roy Duffus, Rochester, N. Y., will discuss "How To Be a Better Agent."

## Form Fla. Speakers Bureau

Florida Insurance Speakers Bureau has been formed by Assn. of Casualty & Surety Companies in cooperation with Florida Assn. of Insurance Agents.

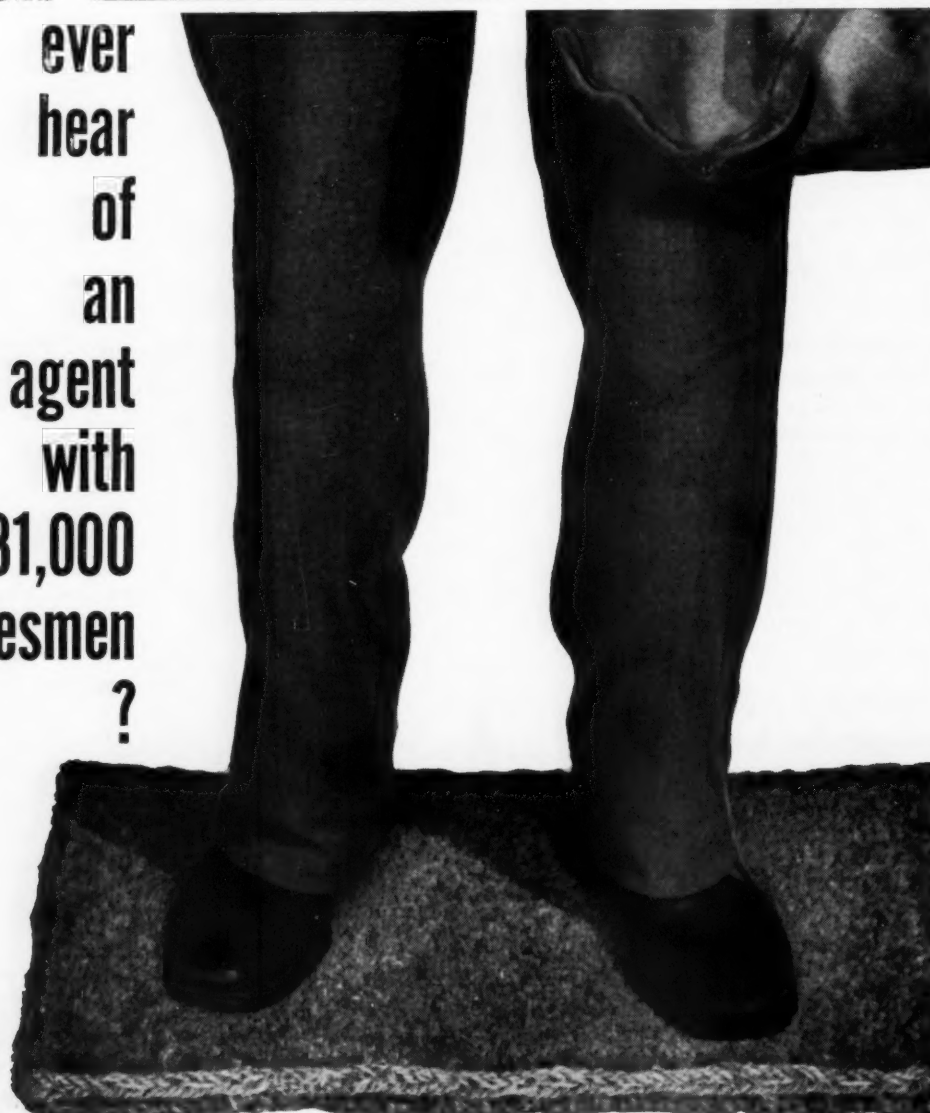
## IDEA School Begins Sept. 30

Insurance Distaff Executives Assn. of Chicago will conduct its insurance school for the fourth year beginning Sept. 30. Classes will be held every Tuesday for eight weeks beginning at 5:15 p.m. and running to 6:30 in the auditorium of Chicago Board in the Insurance Exchange building.

Mrs. Ruth C. Roos of E. H. Walters & Co., 175 West Jackson boulevard, may be contacted for enrollment information.

James R. Goud Jr. has been appointed secretary-manager of San Bernardino County Mutual Fire of Ontario, Cal.

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## Traders & General Transfers John Gaulden

John C. Gaulden, a 12-year veteran with Traders & General has transferred from the Dallas home office to manage the New Orleans office.

He succeeds Edmon W. Blount, who goes to the home office underwriting department.

## State Farm Promotes 2 HO Superintendents

State Farm F.&C. has appointed two superintendents in the home office. Daniel Usiak, former underwriting superintendent in the Texas office, is now general underwriting superintendent. B. G. Fox, former loss superintendent at Dallas, becomes general loss superintendent.

Mr. Usiak joined State Farm at Dallas in 1952. Mr. Fox has been with the company since 1953.

George Cave, loss examiner at Jacksonville, Fla., will take Mr. Fox's place in Dallas.

## Illinois A&S Forum To Meet

Illinois A&S Underwriters Forum will meet Sept. 18 at Adolph's restaurant in Chicago. Dr. Proctor C. Waldo, medical director of Washington National, will show a film entitled "Uses of ACTH for Human Diseases."

## Cherokee Promotes Lee

Cherokee has elected John M. Lee Jr. treasurer, a position previously held by President David K. Wilson. Mr. Lee has been assistant treasurer since 1957.

## Hitchcock Named At L. A.

Robert C. Hitchcock is the new special agent of Trinity Universal at Los Angeles. He has been in insurance for 11 years, as special agent of Superior at Los Angeles for the past five.

## Los Angeles Broker Firm Expands

Van Norman & Morrison, Los Angeles brokerage firm, has made joint operation arrangements with Kindler, Lauczi & Day of Los Angeles with Arthur H. Kindler becoming vice-president of the expanded company. David L. Sanders, who consolidated his own company with the combined organization, becomes manager of the life, group pension trust and estate planning department of Van Norman & Morrison. The company also has offices in San Francisco, Pasadena and Phoenix.

## Company Sticks To Ads: Nearly Doubles Plant

Pennsylvania Lumbermens Mutual has set a good example for company advertising managers who get the urge to junk successful campaigns and to try something entirely new. The company believes in adopting a sound advertising idea and giving it fresh appeal from time to time by changing typography, art and copy approach. Since 1955 it has maintained a basic campaign which appeals to present producers while attracting new agents.

In the period from 1955 to 1957 with the first sustained advertising in the company's 63-year history, the agency plant was nearly doubled from 789 to 1,195 in 42 states. This success is not credited exclusively to advertising, which was developed with the aid of Gray & Rogers, Philadelphia advertising agency. Other factors of company service and performance were important, but virtually all prospective agents approached had seen the advertising and had been favorably conditioned.

The 1955 series was called "From the Diary of an Agency Secretary," and featured a conversational discussion of incidents in the agency which pointed up advantages of dealing with the company. A brief solicitation of new agents concluded each ad. The series departed from typical company advertising. It had eye appeal and informality. During the two years it ran in the insurance trade press, total agents rose from 789 to 1,001. The company appointed 285 new agents while cancelling 73, thus grading up the quality of the plant. Business increased and relations with agents were improved.

### Basic Theme Continued

In 1957 the basic theme was continued in a series titled "PLM Tips and Topics," which featured informative and instructive paragraphs on sales ideas, psychology pointers, seasonal agency helps, timesaving tips and explanations of available company service. The ads again concluded with a brief appeal to agents to affiliate with the company and awakened interest by offering special folders on particular policies. This series ran for a year during which 269 agents were appointed and 75 cancelled, for the new high of 1,195.

Another change of pace was introduced with the current series which began last January. Graphic illustrations were restored, but the informality and the same basic appeal were retained in the ads, which are designed to induce the agent to "Sit Down and Chat" about the company.

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**POST**

September 27th issue



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## Kinnett To Carter Post Of London Assurance

Bernard P. Carter is retiring as resident manager of the Virginia-Carolina branch of London Assurance, due to ill health. H. H. Kinnett has been named to succeed him, and Robert N. Greathead has been appointed assistant resident manager.

Mr. Carter began in 1918 as special agent of the general agency which became B. P. Carter Co. in 1934 and was reorganized as the branch in 1957.

Mr. Kinnett joined B. P. Carter Co., in 1935, became vice-president in 1947 and then assistant resident manager of the new branch in 1957. Mr. Greathead has been associated with Mr. Carter since 1946.

### Interstate Indemnity Orders Ramac

Interstate Indemnity has placed an order for an IBM 305 Ramac computer. The computer can automatically update all records of each day's transactions, increasing speed and accuracy of processing.

## Comments On Merit Rating Of Automobile

James M. Mathers, local agent of Altoona, Pa., writes:

Your article in the July 11 issue on attempts to come up with a good merit rating plan for automobile insurance is quite interesting. Undoubtedly merit rating is what a large segment of the public wants. Perhaps you might publish some information regarding merit rating in European nations, where, I understand, it has

been practiced for some time. You surely are in a good position to obtain reliable current information on this subject, and it would be well worth knowing.

Actually the public seems to have a merit-rating system offered them now, although it is hardly one that agents and agency companies like. The matter was well expressed to me the other day by a special agent whose name must remain confidential. He said that altogether too many people consider National Bureau rates the ones that you must pay if your business is not acceptable to Allstate.

## Buffalo Seminar Stresses Current Agency Problems

Buffalo held a one week field seminar under the direction of Victor T. Ehre, president. Home office and outside specialists led 30 field supervisors in discussions which featured agency management.

The course included new coverages, inspections and appraisals, forms and rating procedures, premium financing, planned payment selling, and collections. Special sessions considered agency appointments, sales, advertising and public relations.

## J. B. Joyce Joins Secured

John B. Joyce of Indianapolis has joined Secured Ins. Co. as claims attorney. He has been in private law practice recently, and was vice-president and claims manager of Capitol Indemnity for several years.

## Set Service Assn. Seminar

Insurance Service Assn. of America will hold a fire and casualty seminar, Sept. 12-13 at the Union League club, Chicago. Representatives of 23 of the 45 agencies which have combined to provide brokerage service for national and multi-state accounts will participate.

Charles C. Counselman Jr. of Riggs-Warfield-Roloson, Baltimore, will preside over the fire seminar and R. B. Hagens of Langham, Langston & Burnett, Houston, will be casualty chairman.

## GAB Has New Office In Va.

General Adjustment Bureau has opened a new branch at Falls Church, Va., to service an area formerly handled out of Washington. Howard C. Bush is manager.

W. H. Zachry has been promoted from adjuster at Meridian, Miss., to branch manager at Columbus, Miss., to succeed Stanley Milward who was transferred to the Nashville staff.

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## Agent Hard Pressed To Keep Up With Unavoidable Detail

Karl D. Dakin, local agent at Lebanon, O., writes regarding the July 18 article, "Agents Must Stop Being Office Manager, Become Sales Manager."

I agree with your article that we should place our agency in better shape so we can do more selling, but here in Ohio we are swamped with details, and we are selling, but the proper word is "re-selling."

An automobile premium goes up \$12 to \$18, and we have to go and see the man in order to explain why and in order better to hold the business. By telephone or letter they say "I will let you know," and so many times you lose the business, while you can usually hold it if you can talk directly to the customer.

### Same With Fire And EC

The same thing applies to the fire and extended coverage on dwelling. A \$10,000 policy on a dwelling goes up at least \$12 to \$15 on renewal, and again we have a reselling job. I wondered whether you had thought about this angle and realized that the agents are not salesmen on new insurance as much as they should be on account of the reselling job they have to do. It is a part of the business, and I am not complaining except that it does tie agents up from selling new business as much as they would like.

It has been very nearly a year since we have had a dwelling house schedule rate for dwelling property. This has made it "rough," as we have to figure the 2.7 times all items pertaining to dwellings, outbuildings, and household goods.

In this agency I have two partners, one outside solicitor, an office manager and four girls, and we are always striving to keep up with all new office equipment and systems that will help us with our details. So we are a typical agency doing what you suggest in your article.

Even with this, we are terribly handicapped in getting out to solicit new business. Agencies like ours are handicapped due to the large volume of business which we write.

### Give Away Program Hurts

The "give-away" program the companies have has created a terrific number of losses that should not have been covered in the first place, and the fact that the companies have no uniform application for farm business

creates delay in our office. I have always gotten along fine with insurance companies, and still do, but I cannot sympathize too much with them in the last year or so, due to the many foolish changes that have been brought about by them. They should have cleaned up a lot of agencies several years ago that were giving them trouble. Business came too easy and they did not know where their losses were coming from or anything else. Here in this agency we check our records, loss ratio, and everything, in good times as we do in bad. But most of the companies have not done this and are now in trouble.

This is not to criticize but to call attention to some of the things that we are going through in addition to office detail; hence, this explanation.

### Reid Succeeds Rhett In S. C. For Royal-Globe

Royal-Globe has appointed John H. Reid state agent at Columbia, S. C., to succeed Benjamin R. Rhett, who is retiring after more than 45 years with the company. Mr. Rhett had been a field man in Mississippi, Georgia and the Carolinas.

Mr. Reid, with the company for 22 years, has been state agent in Virginia, since 1952 and prior to that was special agent at Nashville.

### St. Paul F.&M. Appoints Dingle Iowa Special Agent

William F. Dingle has been named special agent for southwestern Iowa with headquarters in Des Moines.

Mr. Dingle has been with the St. Paul companies for five years, recently as special agent for south central Illinois, with headquarters in Decatur.

### Wilkinson In Ga. Field

Royal Exchange has appointed George W. Wilkinson Jr. state agent at Atlanta to succeed Tracy Bronson, who has resigned. Mr. Wilkinson has been state agent at Raleigh.

Passaic County (N.J.) Assn. of Insurance Agents honored state association President Henry A. Franz of Clifton at its annual meeting there in recognition of his contributions to local, state and national agency affairs.

J. Robert Holtsclaw has joined the F. W. Schumacher agency of Woodsfield, O. For the last two years he has been in the southeastern Ohio territory for Ohio Farmers.

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### Convention Dates

- Sept. 1-5, Blue Goose, grand nest, Banff Springs Hotel, Banff, Alta.  
Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.  
Sept. 7-9, Pennsylvania Assn. of Insurance Agents, annual, Bedford Springs, Pa.  
Sept. 8, Vermont Assn. of Insurance Agents, annual, The Lodge, Smugglers Notch, Stowe.  
Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.  
Sept. 12-13, West Virginia Assn. of Mutual Insurance Agents, annual, Prichard Hotel, Huntington.  
Sept. 14-16, Minnesota Assn. of Insurance Agents, annual, Hotel St. Paul, St. Paul.  
Sept. 14-16, New Hampshire Assn. of Insurance Agents, annual, Crawford House Club, Twin Mountain.  
Sept. 14-16, Washington Assn. of Insurance Agents, annual, Chinook hotel, Yakima.  
Sept. 15-17, Assn. of Mutual Fire Insurance Engineers, annual, Somerset Hotel, Boston.  
Sept. 16-18, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.  
Sept. 16-19, Mutual Loss Managers' Conference, annual, Statler hotel, New York City.  
Sept. 17-19, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.  
Sept. 17-19, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.  
Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.  
Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.  
Sept. 22-25, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.  
Oct. 1-3, Society of CPCU annual, Roosevelt hotel, New Orleans.  
Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City.  
Oct. 5-8, National Assn. of Mutual Insurance Companies, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.  
Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.  
Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans.  
Oct. 12-15, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, Greenbrier hotel, White Sulphur Springs, W. Va.  
Oct. 17-18, New Mexico Insurers, annual, LaFonda hotel, Santa Fe.  
Oct. 19-21, Illinois Assn. of Insurance Agents, annual, Morrison hotel, Chicago.  
Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.  
Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.  
Oct. 20-21, Arizona Assn. of Insurance Agents, annual, Pioneer hotel, Tucson.  
Oct. 20-21, Insurers of Tennessee, annual, Claridge hotel, Memphis.  
Oct. 20-22, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.  
Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.  
Oct. 22-24, Kansas Assn. of Independent Insurance Agents, annual, Broadview hotel, Wichita.  
Oct. 23-25, Colorado Insurers, annual, Broadmoor hotel, Colorado Springs.  
Oct. 26-28, Missouri Assn. of Farm Mutual Insurance companies, annual, Governor hotel, Jefferson City.  
Oct. 26-28, Ohio Assn. of Insurance Agents, annual, Columbus.  
Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.  
Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.  
Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.  
Oct. 28-29, South Carolina Assn. of Insurance Agents, annual, Francis Marion hotel, Charleston.  
Oct. 30, Connecticut Assn. of Insurance Agents, annual, Statler-Hilton hotel, Hartford.  
Nov. 6-7, Kansas Assn. of Mutual Insurance Companies, Newton.  
Nov. 17-19, Indiana Assn. of Insurance Agents, annual, Claypool Hotel, Indianapolis.  
Nov. 20, Insurance Federation of New York, annual, Waldorf-Astoria, New York City.  
Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago.  
Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.  
Dec. 10, Eastern Underwriters Assn., annual, Biltmore hotel, New York City.  
Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt hotel, New Orleans.

H. A. Young, former assistant manager of the metropolitan New York department of Home, has joined John C. Weghorn agency, New York City, as an account executive.

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## Too High Or Too Low, Liability Limits Pose Problems

(CONTINUED FROM PAGE 1)

can obtain high limits at very little cost—and that it is their obligation to see that adequate coverage is carried. Tell them to contact their agents immediately and arrange for increased protection, he advised.

For these and other reasons, some executives regard the indiscriminate sale of high limits to the average individual automobile insured as a way to create artificial wealth. Many cases are settled for the limits—with, perhaps, a 10% discount for not having to go to court. Consequently, comparatively low limits for most insured have acted as a lid on skyrocketing claim costs. Higher limits in this field present an especially troublesome problem because of what primary insurers call inadequate rates for limits above basic. Certainly they have to pay reinsurers more than those rates to buy reinsurance protection. One executive, impressed by one \$400,000 verdict and a \$600,000 settlement asked his agent to increase his auto BI limits from 250/500 to 500/1,000. The cost? \$3.10.

### Adapting To Conditions

One insurer that is doing considerably better than average with auto liability is said to moderate claim costs in an area where the asking price has no ceiling and where the settlement often is as much as the claimant can get. The insurer does this, according to report, by not letting the claim man handling the settlement know either the limits or the reserves—on the theory that fat reserves mean fat settlements, and big limits exert a liberalizing effect on the judgment of those who process claims for the insurer.

For it is certainly true that BI claims have the characteristic of an accordion, and one man's \$1,500 is another's \$10,500.

### Filled With Imponderables

Also, it is considerably more difficult to find examples of liability underinsurance than physical damage underinsurance, precisely because the claim is filled with so many imponderables such as pain and suffering, and because the claimant tends to, because he has to, settle for what he can get, or get without a lot of trouble, which quite frequently is the insurance.

One thing immediately evident from the examples provided by insurers and from the comments of executives is the difficulty of determining in advance what is a proper or safe limit to recommend, considering only the interest of insured. The variations in limits carried are, of course, extensive. But if a doctor with 5/10 limits has to contribute \$1,500 out of his own pocket, what about the motel operator with \$100,000 limits who was faced with a \$125,000 verdict? Or the business firm with \$1 million property damage liability that had to pay \$35,000 more than the insured portion of a loss?

### Three-Way Cooperation

Certainly it is evident that the keen judgment of an experienced agent, sound and plentiful information from a seasoned underwriter, and the co-operation of an alert insured are essential if the limits named in advance are to be realistic in view of the potential risks insured may run. Of course, the risk run by a farmer off on holiday who became intoxicated and dropped a lighted cigarette in a

fireworks display is hardly measurable in advance by anyone.

Herewith are presented comments of insurer and reinsurer executives, alternating with examples of claims which resulted in contribution by insured:

Generally speaking, we feel that

with respect to automobile liability business there is a tendency to over-insure rather than underinsure. We do have glaring examples of inadequate personal injury limits. But they are not encountered too frequently and ordinarily the inadequacy of limits applies to commercial rather than to private passenger car risks.

A few years ago there was a campaign by the companies, because of their unfavorable experience with automobile, to reduce rather than increase limits. This resulted in part from the fact that the plaintiffs' attorneys, and particularly NACCA, did not become interested on cases unless the limits were large. In many instances it was felt that the limits issued were far beyond necessary amounts. For example, the agent of one insurer in an agricultural state was issuing all policies with 100/300

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limits simply because the excess limits cost very little and he wanted his insured to have ample protection.

The campaign to hold down limits to reasonable amounts for persons with small assets was two or three years ago. Now the demand for increased limits again is becoming more widespread.

About six years ago we checked the records of one company. We had thought that limits of liability would be modest because the territory in which it operated was largely agricultural. We were amazed to find that more than 60% of this company's business was issued with limits of 25/50 and higher.

In recent years we have endeavored in all instances of reinsurance contracts to check the business of reinsured companies by policy limits so that the reinsurance rates we quote

would approach the proper percentage of the premiums charged for the excess limits extended. As a result of our efforts in this respect we were able to increase reinsurance rates in many instances.

Generally speaking, limits are issued in amounts fully adequate and often more than adequate. Some attention should be paid to issuing too high limits. A young couple, starting out in life with no estate, should have limits not to exceed 25/50 and not limits of 100/300. Thus the situation is far different in the liability field than it is in fire and extended coverage where underinsurance is proving almost disastrous to the business.

Insured with 5/10 limits got into the wrong lane on a highway and ran head on into another car. The case could not be settled for \$5,000. However, insured added \$1,500 of his own to effect a settlement.

A milk transport had 10/20 limits. One of the drivers, in pulling out from a farm road to a state highway, hit another car. The driver of the other car suffered the loss of an eye. Insured refused to contribute when it was found the case could not be settled within limits. Trial judgment was for \$19,500. Insured finally settled his portion by payment of \$7,500.

One city carried blanket \$25,000 property damage liability coverage. The city owned dam broke, and there was extensive damage. The city paid in excess of \$100,000.

A farmer who had been drinking was on a holiday in another state. He dropped a cigarette in a fireworks display, which was a total loss. The farmer carried \$5,000 miscellaneous property damage. He finally was able to settle by payment of \$15,000 more than the \$5,000 limit.

In a great many instances it is extremely difficult—one might almost say impossible—to determine at what point there is underinsurance in liability. Not infrequently the amount of a liability claim is predicated in whole or in part upon the amount of liability insurance available. After all, there is a large proportion of the public whose net worth not only is no greater than the limits of their liability insurance, but in many instances is considerably less.

The value of a liability claim is not so readily determined as the value of a property loss. It is only natural, probably, that the dollar value which a claimant places upon his injury is going to be influenced by the amount of money available to meet the claim.

Insured was the owner of business property. He had an OL&T with 10/20 limits. He leased the second floor out to a private club. The lessee contracted with a window washer to wash the outside windows on this floor. One day, the window washer was so engaged, wearing a window washer's belt with strap and buckle on each side. The window just completed was a narrow one, and the window washer could not use both straps because they would let him out too far. To provide such protection as he could, the window washer buckled one belt to the shank of the eye bolt provided for window washers, and placed his finger through the eye-bolt on the other side of the window. On completing the window, he endeavored to raise it, so that he could pass inside. Through the years, the wood had become unsound around the eye-bolt at this location, so that only half of the

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threads took hold. The eye-bolt pulled loose, and the window-washer was precipitated to the sidewalk below. The fall resulted in crushed heels on both feet, much pain, and numerous medical treatments. Suit was brought and the verdict against the landlord was for \$14,220.

An employee of insured was involved in an intersection accident which resulted in fatal injuries to the other driver. The claimant was 30 years of age, married, left three minor children and was gainfully employed at the time of her death. The settlement demand was at all times in excess of the basic policy limit of 10/20. The case was tried by a jury and a verdict returned for plaintiff for \$20,000. The case was appealed and affirmed. Insured mortgaged his farm and paid \$10,000 to satisfy his portion of the judgment. It is interesting to note that the company's state agent and the local agent involved had attempted to sell higher limits to insured shortly before this accident occurred and were unsuccessful.

\*\*\*  
If the premise that there is wide evidence of such underinsurance is correct one would think that any claim man would be able to pick out many examples. Considered from the standpoint of a plaintiff's attorney's demands, or the amount of ad damnum of the suits which are brought, it is true that there are a number of claims which it appears at the outset exceed the limits.

As a practical proposition, however, the way claims eventually work out, we have mighty few in which insured is hurt by reason of his underinsurance. A possible explanation for this is the fact that nowadays plaintiff's tort practice in many locations seems to be confined for the most part to a small segment of the bar. Here, for example, I would guess that 75% of our BI cases are in the hands of but 25% of the members of the bar. This type of practice in volume does not lend itself to any assiduous efforts to collect from insured. Plaintiffs' attorneys are willing to settle with an insurance company and release insured on the basis that the insurance policy is his sole asset. There are exceptions, of course. But they are rare, and from my experience some of these exceptions have been disposed of on the basis of a small contribution by insured. In general, this amount seems to be how much cash insured can manage to raise. I do not recall a case in the 10 years in which insured lost his home and possessions. Perhaps, therefore, insured who has anything substantial to lose by underinsurance

is fortunate enough to have been sold or to have bought sufficient limits to take care of the great majority of claims brought against him.

We also have cases in which underinsurance seems to have been the deliberate choice of insured; at least the agent tried to sell him higher limits, but he chose not to buy them. In other instances, insured who could have raised a small contribution to settle a case have refused to do so. Probably no wide publicity of the necessity for high limits would have affected their decisions. There is no way you can insure a man against the mismanagement of his own affairs.

The subject of higher limits always raises question of how high limits should be. Of course, the higher the limits the less chance of loss to insured. Yet insured who doubles or trebles his present limits might still not have enough insurance. From a claim man's viewpoint, insured seem to have much more trouble due to incompleteness of coverage, particularly in general liability policies, than they do with inadequate limits. While it may sound strange, I am forced to conclude that although there is evidence of underinsurance, in practice not enough insured are sufficiently hurt to say that the danger to insured is great or widespread.

Adequate limits are necessary. I carry high limits on my own car. Peace of mind alone is worth more than the cost of excess limits.

But we have few if any dramatic current examples of underinsurance complete with gory details. It must be that the insurance business and our agents have done an excellent job with limits adequate to take care of the overwhelming majority of claims pressed against our insured.

\*\*\*  
As time goes by, more people become aware of the necessity of carrying increased insurance limits. But we still see a steady flow of cases where insufficient limits are carried to properly protect policyholders who have property and assets subject to the hazard of claims above the amount of insurance carried.

One file I have on my desk at the moment involves the estate of a deceased policyholder who carried automobile insurance limits of 10/25. The policyholder ran a stop sign and struck another vehicle. The policyholder and his wife were killed, and the driver and only occupant of the other vehicle received serious injuries. Our policyholder was not what you would call a wealthy man, but he did have some property.

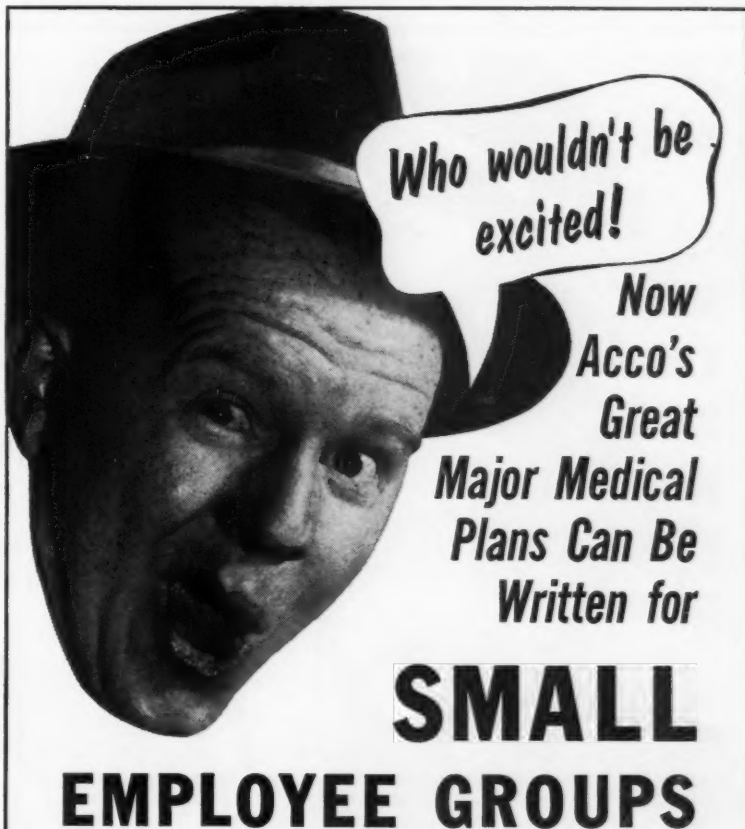
We are in the process of paying our

entire policy limit for one person, \$10,000, and the administrator of our policyholder's estate is paying \$17,500 from the assets of the estate to settle the claim of the woman who was driving the other vehicle.

Not too long ago I had another file which involved a policyholder who carried 10/20 limits. This policyholder collided with the rear of a vehicle ahead of him and then veered to the left and collided head-on with an approaching vehicle. There were two occupants in the vehicle ahead of insured and five in the approaching

vehicle. One occupant of the approaching vehicle was killed and all other occupants of both vehicles were injured. Seven law suits were filed as a result of this accident.

The policyholder in this instance was not a wealthy man. But he did have a good position with a steady income and his financial position in life was greatly jeopardized. The big concern of the claimants was how much they could collect from our policyholder in addition to our \$20,000. The policyholder was put to considerable expense and was placed on the



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verge of bankruptcy before he finally raised an acceptable sum of money. This he paid in addition to our policy limit of \$20,000. Of course, we employed counsel to defend the seven law suits. However, our policyholder employed counsel to look after his uninsured interest personally and incurred a large bill for legal expense.

There is no question about underinsurance in the property field, but I do not believe that the same situation is true in the liability field. As a matter of fact, I could not put my

hands on a file where one of our policyholders has sustained a personal loss as a result of being underinsured for automobile liability. I can recall a few isolated cases over many years where this question arose. But they have been so infrequent that I could not identify the files. As a matter of fact, I doubt if we would average more than one a year, and this is infinitesimal considering the size of our operations.

I think that this has resulted from our company policy and the efforts on the part of our agents to write

adequate limits. Our company was one of the first, if not the first, to write 10/20/5 as standard limits. When most companies were writing 5/10/1, we were writing 10/20/5.

Increases in the amount recoverable in death claims have spurred our agents to increase limits. I can recall that campaigns were conducted in many states to raise the limits when the amount of tort death recovery was increased. Illinois and Virginia are two outstanding examples of this situation.

It has been our experience that

claims can be settled within policy limits when the limits are realistic as ours have been. For instance, when the limits are 10/20 and there are multiple injuries, the claims can usually be settled within the top limit; whereas, if the limits are higher, say 20/40, a payment would have to be made in excess of the amount paid under the lower limits.

Given reasonably adequate limits to work with, almost all claims will be disposed of within the policy limits. Raise those limits to create "artificial wealth," and the same claim will cost more.

Even NACCA lawyers hold back from pressing excess claims against defendants. Usually they can find out what the policy limits are, and that becomes their goal.

Perhaps this distinguishes the liability problem from the property problem, since the value of property can usually be determined within reasonable limits, while the value of a liability claim is what you make it. (Additional comments and examples will be carried in an early issue.)

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### Awards Presented to the Junior Fire Marshal Program for the 1957-58 School Year

- Silver Anvil Award of the American Public Relations Association
- Key of Achievement of the Student Marketing Institute
- Merit Award of the Insurance Advertising Conference

## Urge Preview Of Auto Rate Boosts In Md.

The Maryland legislative council's motor vehicle committee is expected to seek legislation to force public announcement and hearings on future proposed automobile rate increases. Another bill may be offered to curb operators who charge exorbitant rates for drivers who, on regaining revoked licenses, are refused coverage by some companies and are unaware of the assigned risk pool. The committee met following auto liability and PHD rate increases in July.

John H. Coppage, deputy commissioner, opposed public announcements and said the law allows hearings only after increases are in effect. The committee noted that recent Blue Cross rate increases were granted only after public hearings and the commissioner should have broader powers in connection with auto rates.

## 17 Casualty Men Complete Continental-Natl. School

Certificates of completion were conferred on 17 graduates of the Continental-National insurance institute upon their completion of a casualty claim school in Chicago.

The four-week school covered liability, fire and surety claim problems with emphasis on policy coverages, claim investigation, negotiation and settlement. Jack Sawyer, supervisor of fire and surety claims training, conducted the course.

## M&C Changes In Ky., Utah

National Bureau has revised M&C liability rates in three states with resulting average BI rate increases of 4.4% in Kentucky, 5.7% in Utah, and no change in Minnesota.

Mutual Insurance Rating Bureau has decreased the average BI rate level in Utah by 3.1%. Changes by both bureaus are effective Aug. 20.

## Yakima County Agents Elect

Robert D. Tenney Jr. has been elected president of Yakima County (Wash.) Insurance Assn. Other officers elected are Ray E. Lebens, vice-president; John C. Braun, reelected secretary-treasurer; A. B. Coppers and John P. Jerome, trustees for two-year terms; and A. J. Goldade, state trustee for three years.



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**Fire Agents Give Views Regarding Life**

(CONTINUED FROM PAGE 5)

problems with life. We don't offer a monthly payment plan except Afco, and that primarily on large commercial lines. We probably will adopt a budget plan, primarily for small personal and commercial accounts. We have a separate A&S unit because we believe a specialist can do a better job. If sales personnel have too many lines to plug, some lines are bound to be overlooked or sidetracked.

We don't operate a life division but believe it is an essential facility in the days ahead because of the trend to packaging a customer's insurance. We have our own monthly premium payment plan for all types of risks as a convenience to customers. Specializing by the agency does not reflect the problem as the customer looks at it. When and if we get into life, we would prefer a life company that can function with an understanding of the casualty and property approach—pay commissions on an equalized yearly basis, and operate in our agency without bringing undue pressure to bear for money available in mortgage loans. The real problem posed by the lack of a life unit is the opportunity to increase income. It would be the honest prerogative of any insurer to favor the local agency that produces life business for it.

We think life is essential, and we have recommended our leading casualty and surety group to get a life company. In the near future we hope that this or some other large group will work with us, since we believe that the large companies like Prudential and Metropolitan are going to operate like the English companies and sell all forms of coverage.

A company must compete in all lines of insurance. We do not have a life department. We use a monthly premium plan for commercial coverages but not personal coverages. We don't think the danger of our business coming under competition because a competitor has life has been overestimated. An agency operation specializing in certain lines only does not have an assured future. If we opened a life department, we would represent a stock company. Multiple line companies with life insurance will tend to favor agencies that produce life business when it comes to taking lines, such as automobile at present, that are hard to place.

We don't believe a life department is an essential competitive facility because all old line life companies have excellent staffs to aid agents in the sale of life insurance. We don't have a life department because it costs too much to set up and operate. We don't use a monthly premium payment plan. We do not plan to open a life department. An agency specializing in certain lines or in certain types of clients does have an assured future. As to whether companies favor those agents who sell life when it comes to placing automobile, only time will tell.

Clients expect complete service from one agency. Also this lessens competition for property and casualty lines. We operate a life department and have done so 10 years. The commission drop on life after the first year is a problem. We use life company specialists and our own life department men. We have a monthly premium payment

plan for use with all lines and personal and commercial coverages. The plan evens out insured's outlay. We don't departmentalize any line, including A&S and life. It has not been our experience that fully multiple line companies favor us on hard to place lines because we sell life for them.

We have given this matter consider-

able consideration in the past six months.

We have come to the conclusion that a life department is an essential competitive facility for the agency in the future. Complete and full multiline underwriting is here to stay, whether we like it or not. Up to the present time, we have felt that the life business belonged to the life specialist and the fire and casualty business belonged to our specialist.

However, we are satisfied that in the future John Customer will say to

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himself, "Why should I buy my house and automobile insurance from the X agency and walk two blocks to the Y agency to handle my life business?" Within a matter of six weeks, we will open a full life department with a life insurance specialist. We have given some consideration to the training of a life man within our own organization; however, the caliber of service that we provide is such that we feel we must have an experienced life man from the very outset.

Obviously, in recent weeks we have had many discussions with life insur-

ance company officials as well as with prospective employees.

Two things impress me greatly about the life business. First, it is quite obvious that the life industry has spent a tremendous sum of money in research on the subject of sales and selling over a great many years. They have developed a fairly well defined science as to training new personnel—evaluating his potentiality, etc. They can provide mathematical calculations as to potentialities to a degree unheard of in the general business. Second, I never cease to be amazed at the pro-

posals that we have received from life companies as respects the financial underwriting that they will provide to get a department organized and on its feet. As to the kind of life company we contemplate representing, we insist that we be more in the nature of brokers. However, we will represent specific companies.

So far as larger multiple line agencies are concerned, all will eventually find it necessary to establish a life department. The principal reasons, I would say, are the public's demand

for package policies, installment payment of premiums, and the buyer's preference for handling his entire insurance account through one agency. The agencies' life departments will, of course, have to be equipped to handle accident, health, hospitalization, etc.

Our agency does not operate a life department, as such. But we do have a cooperative arrangement for the handling of life insurance with a top-flight life agent, and we have for several years been licensed, either as agent or broker, for several life companies. A few years ago we attempted to establish a life A&S department, but the person we employed went south on us.

We know that we need these added facilities to serve our customers and will no doubt provide them as soon as we can find the right type of person to take charge of this department.

So far we have not found that the absence of a life department has caused us to suffer a loss of miscellaneous fire and casualty business, but the day is not too far off when that is a possibility.

As to the kind of life company, we feel we would want to represent both participating and non-participating companies and should have brokerage connections with other companies so that we could offer our customers the type or form of policy that best suited their needs.

Frankly we would prefer that at least some of our present multiple line companies would add life insurance and A&S facilities so that we could give them that collateral business to offset the unprofitable lines such as automobile and compensation. This is a factor that would cause us to go rather slowly in taking on representation of any strictly life companies. We feel that many of the larger fire and casualty companies will, in due time, also be able to offer us life and A&S facilities.

### \$1,000 Appropriated For Teachers' Research

A \$1,000 appropriation has been made by American Assn. of University Teachers of Insurance to finance research projects of individual members during 1959. The money, allocated from a grant to the association by New York Life, will be spread over several small projects. Applications for grants from the fund are to be made during 1958. Awards to applicants will be announced at the annual business meeting Dec. 29.

The association is also creating a committee to work on standardization of insurance terminology. "Lack of standard terminology is responsible for much confusion and compounds problems of communication in the business," William Beadles, dean and vice-president, Illinois Wesleyan University, current association president, declared. "The standard terminology project will be a big one costing considerable money." Davis W. Gregg, president of American College, will be chairman of a terminology committee.

### Burns With No. America

Ronald J. Burns has joined the investment department of North America. He entered the investment field with Guaranty Trust Co. of New York. From 1953 until his new appointment he handled petroleum investments for Laurence Marks & Co., New York stock exchange firm.



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# Make Analysis Of New Homeowners Cover

(CONTINUED FROM PAGE 2)

reads "Unscheduled Personal Property." There is a specific rule permitting the use of a personal articles floater, though, of course, this is only a physical attachment, the floater continuing to be under the rules, language and rates of the Inland Marine Insurance Bureau, Transportation Insurance Rating Bureau or, if applicable, independently filed.

Instead of separate "coverages" on personal property on the premises and personal property away, this is all grouped under the one heading. The language has been changed around somewhat—the reference is now to property usual or incidental to the occupancy of the premises as a dwelling, "owned, worn or used by an insured, etc." "Insured" is defined in the general conditions of the skeleton policy, the pertinent portions as respects physical damage covers including "the named insured and, if residents of his household, his spouse, the relatives of either, and any other person under the age of 21 in the care of an insured." The coverage also applies, as before, to property of guests or others while on the insured's premises, if the insured so desires. And there are the corresponding features in the off premises section, dealing with servants' property, property of guests in temporary residences of the insured, etc.

## A Welcome Change

A change which will be welcomed if for no other reason than that it seems to clear up a point of considerable confusion has to do with property pertaining to the insured's occupation or vocation. Heretofore (still, under the current policies), there has been an exclusion of property pertaining to business or occupation of the persons whose property is insured, with the sometimes puzzling exception of "... professional books, instruments and other professional equipment while actually within the described dwelling." Under the new forms, the premises cover excludes articles carried or held as samples or for sale or for delivery after sale or for rental to others. The off premises feature excludes property pertaining to a business and "business" is defined (also in the general conditions of the skeleton policy) as "trade, profession or occupation."

This means an insurance man's briefcase and manuals, an accountant's adding machine, a mechanic's tools or an editor's notes are covered on the

premises—whether inside or outside the residence, outbuildings, etc.—and, though it is being ultra-technical to mention it, such property would be covered also if stolen from within a bank, trust or safe deposit company, public warehouse or occupied dwelling not owned or occupied by or rented to an insured, if the property had been left in any such place for safekeeping.

## Endorsement For Doctor's Bag

As before, a doctor's bag and instruments may be covered by endorsement, the coverage applying to theft away from the premises and requiring an extra charge. No similar provision is made for other professions—only physicians, surgeons and dentists—or trades or businesses.

Changes in the additional living expense feature seem to be for clarification. Coverage applies only to necessary increase, etc., incurred by the named insured, with the limit of recovery depending upon the time required to restore the premises or for the insured's household to get settled in permanent quarters. Affirmatively, it is stated that coverage includes the "fair rental value" of the dwelling and private structures with respect to any portion rented to others or held for rental. Also for clarification, the rental value feature is specifically subject to a deduction of charges and expenses which do not continue.

## Form 2 Perils Described

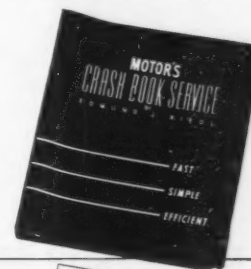
The perils of homeowners Form 2, as noted before, are those of the dwelling buildings and contents broad form, in the latest language recommended by IRIC. This makes quite a difference in comparing the new form with present homeowners B. The new form provides coverage of direct loss, etc., by fire and lightning, with no exclusion of loss resulting from artificial electrical disturbance, etc. Further, as in the dwelling buildings and contents broad form, this one (and Form 4) include coverage of "sudden and accidental injury to electrical appliances, devices, fixtures and wiring, except television picture tubes, resulting from electrical currents artificially generated." (The standard homeowners form—No. 1—continues to exclude all but ensuing fire from artificial electrical damage, etc.)

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Washington Montreal Toronto Vancouver Calgary Havana Caracas London

finally found its way into the homeowners forms. The old MPIRO was against this exclusion and omitted it from all homeowners policies. It may have slipped into homeowners of some states in the last year or so, but its general use is a turn. Following local rules, the cover may be put back in by endorsement at a substantial extra charge.

#### Explosion Feature Noted

The explosion feature of the standard form is the same as that of EC, but, like the dwelling buildings and

contents broad form, Form 2 does not qualify the coverage of explosion in any way. This means there is no exclusion of concussion, etc., nor of water hammer and the like.

#### Aircraft Damage Explained

Aircraft damage cover does not require actual physical contact. Vehicle damage excludes damage to driveways (not fences) and walks caused by any land vehicle owned or operated by any occupant of the premises as well as the contents of a vehicle. Other comparable perils are like

those of the dwelling buildings and contents broad form—sudden and accidental tearing asunder, cracking, burning or bulging of a steam or hot water heating system; riot, etc.; smoke damage; vandalism and malicious mischief; falling objects; weight of ice, snow or sleet; building collapse; accidental discharge, leakage or overflow of water or steam from a plumbing, heating or air conditioning system, etc.; freezing of plumbing, etc. There are, however, three noteworthy points: (1) A general exclusion dealing with water losses. (2) Glass breakage is no

longer subject to the \$50 deductible. (3) No coverage of landslide or other earth movement.

The water exclusion reads as follows:

"1. Flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, whether driven by wind or not;

"2. Water which backs up through sewers or drains;

"3. Water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors."

The theft coverage of all of the named perils forms—Nos. 1, 2 and 4—has been set at the equivalent of personal theft—not broad personal theft. However, Forms 2 and 4 can be converted by endorsement at an extra charge to provide the equivalent of broad form personal theft cover. The significantly revised theft language will begin next week's continuation of this discussion of the new homeowners program.

#### NFPA Has Nuclear Fire Safety Plan; Bank Guide

National Fire Protection Assn. has published a recommended fire protection practice for nuclear reactors. The 64 page pamphlet is a companion piece to the NFPA recommendations on laboratories handling radioactive materials, published in 1955. The material was prepared by the NFPA committee on atomic energy, on which representatives of the Atomic Energy Commission, industry, insurance and other consultants serve.

The tentative recommendations cover fire and explosion considerations in nuclear reactors and include information on design features and operational problems of the reactors. Since the text is tentative, NFPA has invited comment and criticism in order to finalize recommendations at the next annual meeting. This pamphlet (No. 802-T) is available for \$1 from NFPA, 60 Batterymarch street, Boston.

NFPA has also issued a 16 page, illustrated fire record bulletin which analyzes the principal causes of bank fires and presents a prevention program along with actual case histories. The bulletin (FR 58-2) may be obtained from NFPA at 50 cents.

#### Insure Great Profile

Archie Slawsky agency of Nashua, N. H., has placed a unique policy with New Hampshire Fire on the "Old Man of the Mountain," the famed natural rock profile at Franconia Notch which has been threatened by erosion. The policy covers the state magazine, Profiles, which uses the landmark as a symbol, and will pay for the loss of plates, engravings and other materials which would be useless if the profile becomes unrecognizable.

The "Old Man of the Mountain" is the symbol of New Hampshire Fire.

#### State Auto Mut. Names Two

State Automobile Mutual of Columbus, O., has appointed R. M. Guthrie at St. Petersburg, Fla., and D. D. Holtz at Baltimore. Byron F. Patton has been named Florida production manager, the post formerly held by Mr. Guthrie.



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## CASUALTY CORPORATION

Bituminous Fire And Marine Insurance Company  
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Specialists in Workmen's Compensation and Liability Lines



## Ark. Gets Mandatory Wind, Hail Deductible; Fire Rate Increase

LITTLE ROCK—A \$50 mandatory windstorm and hail deductible on all classes—dwellings, mercantile, manufacturing and farm—plus a general fire rate increase on frame and brick veneer dwellings and on frame, unprotected mercantiles and manufacturing risks, effective Sept. 1, 1958, has been announced by Commissioner Combs, following approval of revised filings submitted by Arkansas Inspection & Rating Bureau.

In adopting the deductible, Combs said the present extended coverage rate of 31 cents for the present optional deductible on dwellings is being reduced to 28 cents. The present full EC coverage rate on dwellings of 51 cents is eliminated, since full cover will no longer be available after Sept. 1, he said. The dwelling contents EC rate of 31 cents has not been changed, Combs continued, and there is no change in the \$50 EC deductible rates in farm and mercantile classes, although full coverage may no longer be written.

Until forms can be reprinted incorporating the mandatory deductible, Arkansas Inspection & Rating Bureau will require the attachment of deductible endorsement form 50 for dwelling classes and form 50A for all other classes. Both deductible clauses have been revised so as to apply the deductible "to personal property in the open," as well as to building or structures.

Fire rates of frame and brick veneer dwellings have been increased in all classes of protection, namely, classes 1 to 6, 2 cents; classes 7 and 8, 4 cents and classes 9 and 10, 12 cents. Thus, a frame, approved roof, dwelling in Little Rock (class 3) will now be 20 cents instead of 18 cents, while a class 10 dwelling in an unprotected area will be raised from its present 80 cents to 92 cents.

Under a special rating plan for farm dwellings having furnace systems, interior plumbing electric wiring, and continuous concrete foundations, a credit of 58 cents to the building rate may be allowed. This amount when credited against the frame, approved roof, farm dwelling rate of \$1.50 brings the net rate down to 92 cents—same as the frame suburban dwelling.

Contents rates of dwelling have been increased materially, Combs said, because of the experience of the class. Heretofore, the differential has been 4 cents added to the dwelling building rate. Now, the "contents charge" in dwellings classes 1 to 6 will be 8 cents added to the building rate; 10 cents for dwellings in classes 7 and 8; and 12 cents for classes 9 and 10 dwellings. Thus, in Little Rock the contents rate will be 28 cents as against the present 22 cents, and the suburban contents rate (class 10) will be \$1.04 as against the present 84 cents.

The fire rates on frame farm dwellings which do not qualify under the bureau's new special credit plan have been increased from the present \$1.15 basis (with approved roof) to \$1.50. Frame barns have been raised from \$2 to \$2.50, although those which can qualify under the special credit plan can be reduced to as low as \$2.20. All farm property written under the special credit plan must be submitted in advance to the bureau for approval, with supporting diagrams, and photographs of each building to be so insured.

A general increase of about 5% on

## McKernan Joins Staff Of NAUA At N. Y.

Thomas J. McKernan has joined the New York staff of National Automobile Underwriters Assn. He began in 1928 as an adjuster with the firm operated by his father, John J. McKernan, on Staten Island. In 1947 he joined America Fore in the head office automobile department, and after three years went with Atlantic Mutual as special risk underwriter.

Mr. McKernan then became director of education of National Assn. of Insurance Agents, where he also served on a number of technical committees. In this position he lectured at agents' association meetings, at institutes and at agency schools. For the past year and a half he has been with Inter-Regional Insurance Conference. He teaches at Insurance Society of New York and at Wagner College, Staten Island.

## E. J. Cuff Becomes V-P Of Intercontinental Agencies

Edward J. Cuff has joined Intercontinental Agencies Ltd. of Chicago as vice-president. Mr. Cuff has a background of eight years in the surplus line field, most recently as vice-president of Griffiths, Tate Ltd. of Chicago. He started in business in 1947 with Hartford Accident and specialized in the surplus line field with Illinois Appleton & Cox, and, since 1957, with Griffiths, Tate.



Edward J. Cuff

frame, unprotected mercantile and manufacturing classes is accomplished by the adoption of the 225 frame table under the Analytic System as against the present 175 table now in use. Since 1950, the department has allowed a 25% penalty on these classes. Now, the penalty charges will be eliminated and the entire frame, unprotected classes will be rerated by the bureau on the 225 frame table.

The only fire reduction allowed in the current revisions was on schools of fire-resistive construction. These fire rates were reduced about one third. The current fire and EC rate revisions have been under study by the department since the fall of last year, Combs said, when it became apparent that the stock fire companies in Arkansas, during the 5-year period 1952-1956, showed an underwriting loss of 3.31% on an earned and incurred basis. Under Arkansas law, the companies are entitled to make a 5% underwriting profit.

### 18.9% Raise Indicated

While an over-all fire rate increase of 18.9% was indicated in order to produce a 5% underwriting profit, the bureau intentionally avoided going all the way in asking for an over-all increase in order to preserve relativity between risks by hazard and to avoid warping and undue disturbance in the rate structure, the commissioner continued. Had the present revised rates been in effect during the 1952-1956 underwriting period, the underwriting loss would have been approximately 1%, assuming the old term multiples in effect. Under the new term rules, an underwriting profit of 1.3% would have been earned in the period, Combs estimated.

## Texas Mutual Agents Have 350 Registered For Annual Parley

Registration for the annual meeting of Texas Assn. of Mutual Insurance Agents at San Antonio numbered 350. J. H. Bankston, Victoria, was elected president; Robert I. Goehrs, Houston, 1st vice-president; J. W. Roten, San Antonio, 2nd vice-president; Milton D. Broyles, Fort Worth, secretary, and William Pitts, Austin, treasurer.

Speaker at the first business session was Donald Squibb, manager Texas Automobile Service Office, who explained the functions of his organization, describing them principally as statistical.

An account of the enlarged insurance market was given by Milton B. Broyles, the new secretary. He also offered some selling hints.

William A. Harrison, Texas commissioner, spoke briefly on the changes in the department from three units—fire, casualty and life—to a board operating as a unit with the commissioner as the executive officer. Mr. Harrison talked about the examination of companies, which has become more frequent, remarking that 14 new examiners have been employed.

William Stringfellow, assistant general manager of the national association, opened the final day's session with an address on "Current Program and Projects of the National Association." He said NAMIA has gained momentum and has an aggressive and constructive program.

Discussing the importance of the local agent, Mr. Stringfellow said improvement could be made in quality of service, that agents should discourage the planting of more companies than needed for adequate service to insured, that agents help commissioners in realizing the importance of adequate rates, that they cooperate with the companies in loss prevention work, and that they have a progressive public relations program.

"How to Select Profitable Business for Both the Agent and the Company" was discussed by Roy M. Brown of Houston.

The concluding feature was the president's dinner at which the newly elected officers were installed and special awards announced. Rayborn Johnson of Baytown received the award as the outstanding agent of the year.

## Wolverine To Manage Riverside Of Arkansas

Wolverine of Battle Creek has contracted to provide underwriting management for Riverside of Little Rock, a company not long ago acquired by Secured of Indianapolis.

It is the intention to expand the facilities of Riverside, formerly specializing in automobile finance business, both in Arkansas and surrounding states, and to obtain licenses for Riverside in the states where Wolverine is now operating.

## New Iowa Local Board Formed

A new local board has been formed at Pella as a member of Iowa Assn. of Independent Insurance Agents. Earl L. Pohlman is president of the new board. The state association will hold a one-day meeting in Des Moines on Sept. 12 for representatives of the various local boards in the state. Public relations, board advertising and commissions will be discussed at the meeting.



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## Editorial Comment

### Prescription For Happy Motoring

When you climb behind the wheel of your car you should be sure to carry a first aid kit and some safety extras for use in an emergency. Among the extras are dimes for telephone calls, safety pins, a pair of sturdy gloves to prevent injury from cuts if it should become necessary to handle slippery or rough-edged objects, and a flashlight with extra batteries and bulbs.

Other suggestions for the motorist—especially on a family trip—include halozone tablets to treat water about whose purity there is any uncertainty, a box of flares, a small fire extinguisher, a first aid manual or digest for quick reference in case of accident or sudden illness, a safe, tripod-type auto jack, and four blocks of wood to chock the wheels. All of these recommendations are made by Greater New York Safety Council.

Additional requirements vary with the area one plans to travel, the council observes. In some parts of the

country it is well to carry a snake bite kit. Here we might observe that some big city motorists frequently carry a snake bite remedy internally. In desert country an extra supply of water should be taken along.

The council says that a first aid kit should include burn ointment, aromatic spirits of ammonia in individual vials, scissors, three-inch splinter forceps, paper cups, one-inch and two-inch roller bandages, and castor oil or mineral oil for use in eyes. This should be sterile and may be obtained in small tubes or one-ounce dropper bottle.

While the council apparently overlooked nothing a motorist needs for self preservation, any good automobile underwriter could add a few even more important items to take on a trip: Good judgment, the guidance of providence in steering clear of highway assassins, and adequate insurance limits.—J.N.C.

### Losses Get Too Quick Adjusting

Agents who write more than an average volume of automobile business are inclined to be critical of what they describe as the indifferent and superficial way in which they say adjusters handle automobile claims. They contend that companies are paying out a great deal of unnecessary money to automobile loss claimants.

Whenever automobile losses are being discussed, many agents remark upon what they refer to often as the "loose" adjusting procedures. For instance, such agents say that too many automobile PHD claims are handled over the phone without the adjuster even looking at the damaged car. Again it is said that when a car has sustained a damaged fender, more often than not the final loss payment includes several other repairs made to the car aside from the fender straightening.

As one agent put it, "These adjusters seem to be trying to adjust as many losses in a day as they can, and they are not paying enough attention to whether the losses are being settled for the minimum amount. They use the telephone too much, and they often talk to insured without ever seeing the car. They are handling these automobile claims on a mass production basis instead of doing the proper amount of investigation—which course, takes time."

From the standpoint of the companies it should be said that there is a definite shortage of adjusters and has been for some time. The adjusting facilities have not kept up with the increasing number of claims, due primarily to a manpower shortage. Most company officials agree that there is a definite need for a training school or training course for new adjusters.

The work of the adjuster is not mechanical or routine. It consists of dealing with the public, with honest claimants as well as thoroughly dis-

honest ones. It consists of mollifying claimants who believe sincerely they are entitled to more. An adjuster must be a man who manages to pay a claimant less than he thinks he should get and yet leave that claimant satisfied at the conclusion of the loss adjustment. In brief, the loss adjuster must be a man who can deal with all kinds and conditions of men and leave them with the belief that they have been paid everything to which they were entitled.

Such men are not easy to come by. They are certainly harder to find than those whose work is all laid out for them and who have only to follow the company's known rules and regulations. The adjuster must make many decisions on the spot that are dictated only by his own good judgment. If he adjusts six losses in a day, all of them may have markedly different characteristics. To handle each one of them successfully the adjuster must be quick witted, imaginative, patient, considerate, tactful, firm whenever necessary and concessive when some concession is the wisest course to follow. It is not easy to find a man possessed of all or even most of these qualities.

Because of the long and continuing manpower shortage in this field, the average adjuster of today is harried, overburdened with work, required by those who employ him to adjust too many losses per day, pushed and pulled and put upon by both insured and local agents and so entitled to much more sympathy and understanding than he is usually getting in these days of increasing loss adjustment work.—Howard J. Burrage.

**General Adjustment Bureau** has made three appointments in its branch offices: John H. Baird Jr., manager at El Dorado, Ark.; Chester H. Qualls, manager at Searcy, Ark.; and H. M. Spillman, manager at Greenville, Tex.

## Personals

**H. M. Hammer**, state agent of U.S.F.&G. at Cincinnati, and Mrs. Hammer visited with their daughter and her family in Honolulu. Mr. Hammer is secretary of Assn. of Casualty & Surety Managers of Cincinnati.

**A. C. Weber**, of the public relations department of North America, is the father of a baby girl, Jennifer. This is the Webers' second child and first daughter.

**Elmer D. Becker**, president of Lyman, Richie & Co. agency of Chicago, on Sept. 8 will observe his 55th anniversary in the insurance business, all with the Lyman, Richie & Co. agency. He will have his associates and employees of the agency at his home in Wilmette for a barbecue dinner that evening. When Mr. Becker joined the agency in 1903 it was known as Lyman, Otis & Co. It became Lyman, Richie in 1905.



Elmer D. Becker

**Waldo O. Hildebrand**, secretary-manager of Michigan Assn. of Insurance Agents, was official honorary starter of the recent annual Michigan International Canoe Marathon, a 240-mile, non-stop race on the Au Sable river, which is said to be the nation's toughest canoe contest.

**Andrew J. Helmick**, president of Reinsurance Agency of Chicago, has been off the job for several weeks as a result of a mild coronary occlusion. He is making an excellent recovery at his home in suburban Park Ridge and expects to return to work some time after the middle of September.

## Deaths

**HARRY L. GORDON**, 53, superintendent of the engineering department of Continental Casualty, died in St. Luke's Hospital, Chicago.

**HENRY MILLS**, 42, who since 1942 was an adjuster for several independent adjusting organizations, died of a heart attack while working on storm losses at Tulsa.

**JOHN C. WICKSTROM**, operator of an agency at Norway, Mich., for many years and father of John W. Wickstrom, chief deputy of the Michigan department, died. He was a former state senator.

**KONRAD K. HVIDING**, 58, assistant superintendent of the automobile department of U.S.F.&G., died at Baltimore. He joined the company in 1920 after experience with Vestlandske Marine, Stavanger, Norway.

**RALPH McREYNOLDS SR.**, 72, senior partner in the McReynolds & Drier agency of Evansville, Ind., died.

**NAT DUBOFSKY**, head of his own New York City brokerage firm died suddenly. He had been a broker for more than 30 years.

**WILLIAM S. MOORE JR.**, manager at Houston for Fidelity & Deposit, and his 11-year-old son were killed in an automobile crash while on a trip to

## The NATIONAL UNDERWRITER



The National Weekly Newspaper of Fire and Casualty Insurance

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**DENVER 2, COLO.**—234 Commonwealth Bldg., Tel. Amherst 6-2723. J. Robert Ebelhardt, Rocky Mountain Manager.

**DES MOINES 9, IOWA**—327 Insurance Exchange Bldg., Tel. Atlantic 2-5968. D. J. Stevenson, Resident Manager.

**DETROIT 26, MICH.**—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

**INDIANAPOLIS 20, IND.**—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

**MINNEAPOLIS 2, MINN.**—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

**NEW YORK 38, N. Y.**—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

**NEWARK 2, N. J.**—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

**PHILADELPHIA 9, PA.**—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

**ST. LOUIS 2, MO.**—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

**SAN FRANCISCO 4, CAL.**—582 Market St., Tel. Exbrook 2-3054. Robert L. McMullen, Pacific Coast Manager.

### CHANGE OF ADDRESS

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Galveston. Mrs. Moore was severely injured but is expected to recover. Mr. Moore had been with the company since 1941.

**WILLIAM S. BOYD**, 91, an electrical inspector for Western Underwriters Assn. until his retirement about 20 years ago, died in Chicago. He began his 50-year-long career with WUA in the early days of the association when it was known as the Union, and he played an important part in the organization of Underwriters' Laboratories under William H. Merrill in the 1890s. Mr. Boyd was an organizer of Western Assn. of Electrical Inspectors and was influential in establishing electrical safety codes in the midwest.

### Sears Ga. Special Agent

Richard D. Sears has been named special agent in Georgia by Boston, under Joseph R. Wood, regional manager at Atlanta. Mr. Sears began in insurance in 1952.

The Pacific headquarters of **Secur-ity-Connecticut** group has been moved to 320 Market street, San Francisco 6, Cal.

## Stocks

By H. W. Cornelius, Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, September 2, 1958

	Bid	Asked
Aetna Casualty .....	140	144
Aetna Fire .....	65½	67
Aetna Life .....	202	206
Agricultural .....	28	29
American Equitable .....	32	33
American (N. J.) .....	25¼	26¼
American Motorists .....	12½	13½
American Surety .....	17	18
Boston .....	30¼	31¼
Camden Fire .....	30½	32
Continental Casualty .....	95	97
Cum & Forster com. ....	62	64
Federal .....	49	51
Fireman's Fund .....	48½	50
General Reinsurance .....	63½	65
Glens Falls .....	32	33
Globe & Republic .....	18	20
Great American Fire .....	36½	37½
Hartford Fire .....	155	160
Hanover Fire .....	37	38
Home (N. Y.) .....	40	41
Ins. Co. of No. America .....	106	108
Maryland Casualty .....	37¼	39
Mass. Bonding .....	41	43
National Fire .....	85	Bid
National Union .....	36½	37½
New Amsterdam Cas. ....	43½	45
New Hampshire .....	39	41
North River .....	34½	36
Ohio Casualty .....	22½	24½
Phoenix Conn. ....	66¼	68
Prov. Wash. ....	15½	16½
Reinsurance Corp. of N. Y. ....	14½	15½
Reliance .....	40	41½
St. Paul F. & M. ....	51	52
Springfield F. & M. ....	30	31
Standard Accident .....	51	53
Travelers .....	82½	83½
U.S. F. & G. ....	63	65
U. S. Fire .....	26½	27½

## America Fore Resumes Multiple Line School

Approximately 30 students from 15 states and Quebec will attend the America Fore school of insurance which opens Sept. 8 at the home office.

Established in 1957, the school offers an intensive six-weeks course on all phases of property and casualty insurance to selected and qualified agents and brokers, to their employees and to persons who intend to make the field of insurance selling and servicing their career. The faculty comprises America Fore officers, department heads and technical specialists. The curriculum includes lectures, classroom discussion, forums, field trips, question and answer sessions, interviews and a heavy schedule of homework.

Under the America Fore fellowship plan, each student receives \$450 to cover the basic costs of attendance so that the facilities of the school can be extended to all who qualify for admission. In addition, the company pays the student's round-trip travel costs. Students are selected from applicants who meet certain minimum requirements, and are recommended by an America Fore field representative, regional office manager or officer. Consideration is given to the geographical location in which the applicant intends to do business as well as his potential.

## La. Mutual Agents Elect

Louisiana Assn. of Mutual Insurance Agents elected Lester J. Bayhi of Metairie president at the annual convention in Edgewater Park, Miss. He succeeds Daly Williams of Jennings. Other officers are Floyd S. Meaux, Lafayette, and George Orr, Bastrop, vice-presidents, and Edwin Jones, Shreveport, secretary-treasurer. John W. Enos Jr., Harvey, and Hugh E. Cutler, Bogalusa, were named directors.

Lewell Breithaupt, Alexandria, received the agent of the year award for his organization of loss personnel to handle claims after hurricane Audrey. John J. Townsend of Northwestern Mutual received a plaque as special agent of the year.

The association will hold its 1959 annual meeting in New Orleans Sept. 19-21.

## L.&L. Names Two In Pa.

London & Lancashire has appointed Jack C. Reeves and John T. Eyre special agents with headquarters at the Philadelphia office. They will be associated with Lester E. Lewis, state agent.



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## McLelland Retires From Great American Group; Vorse Ohio Manager

W. O. McLelland, in charge of the Ohio department several years for Great American group and with the group for 40 years, has retired. He is succeeded in Ohio by John L. Vorse, who has been promoted from assistant manager to manager of the Columbus service office.

Mr. McLelland served for a time in the field and then became superintend-

ent of agencies. In 1921 he became secretary of Detroit F.&M. and was elected vice-president and secretary of American National and secretary of the other companies in the group in 1934.

Mr. Vorse, who will have complete supervision over full multiple line facilities for the central, northwestern and southeastern Ohio fields, had a number of years previous experience with another company in multiple line field and field supervisory activities and before that was with a local agency for six years.

## WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

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I desire to purchase Stock Agency in one of the 12 Western States. Recently sold own agency after 9 years of successful operation. 31 years old, college graduate. Complete details first letter. Write Box C-9, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

SPECIAL AGENT for Managing General Agent. Manual multiple line stock company; also deviating fire stock company. Territory, State of Florida. Send small snapshot with letter giving age, education, marital status, home address and experience. Write Box C-23, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED: General Insurance Agency—Dayton, Ohio

Desire to purchase local insurance agency in Dayton area. Will consider an interest or will manage with option to purchase. Contact Box C-29, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

Man with Fire and Rate Engineering experience willing to take charge of office detail. Must have no less than 10 years experience in general lines. Salary open. Furnish details and background in reply. Write Box C-28, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### AVAILABLE SECRETARY UNDERWRITER

Knowledge all lines including Fidelity and Surety coverages. Prefer South or Southwest. Address Box C-30, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

## North British In Two Midwest Field Changes

North British has appointed Kenneth D. Vasey special agent for Indiana. He will be associated with State Agent Vernon G. Lofgren, with headquarters at 204 Insurance Center, Indianapolis.

Robert F. Wrenn has been appointed state agent for northern Illinois with headquarters at 309 West Jackson boulevard, Chicago.

Mr. Vasey, after completing home office field training, served as a special agent in Ohio. Mr. Wrenn, who attended Illinois Institute, has been in the local agency field.

## North America Deviation Trial In Washington Is Set For Oct. 16

The trial of North America's appeal of the ruling disallowing its independent filing of fire rates in Washington has been set for Oct. 16. Mr. Sullivan disallowed North America's filing while the company is a subscriber of Washington Survey & Rating Bureau. The trial will be in Thurston county superior court at Olympia.

The first rejection of the North America filing was on April 29, and there was another on June 20 following a hearing. North America indicated at the hearing that if the commissioner persisted in interpreting the code to prevent independent filings by bureau subscribers it would challenge the validity of this interpretation and question the legality of the code on the grounds that as it was interpreted by the commissioner it was contrary to federal and state constitutions and the anti-trust laws.

## President Signs Welfare, Pension Plans Disclosure Bill, Calls It Inadequate

President Eisenhower has signed the Welfare and Pension Plans Disclosure Bill which, in its final version, contained a provision requiring disclosure of level-of-benefits types of plans. The insurance industry had hoped to see this section amended out of the final version. The Bosch Amendment, which would have excluded level-of-benefits plans, was defeated in the House.

In a statement issued after he signed the act, the President said that he approved it because it establishes a precedent of federal responsibility in this area, but that the bill in its final form dealt with only a narrow segment of the total labor management program.

The President further said that if the bill is to be at all effective, it will require extensive amendment at the next session of Congress.

## Haytcher In Legal Post For Beacon Mutual Indemnity

Paul J. Haytcher has joined Beacon Mutual Indemnity as claims attorney. He has been for five years subrogation attorney and legal counsel for another company, and before that was with a fire company in the claim and agency department for a year and a half. Mr. Haytcher received his law degree at Ohio University law school in 1951.

Excelsior has appointed William D. Olsen field supervisor of New Jersey and suburban New York to succeed Walter F. Ficke, resigned. Mr. Olsen was recently regional claims superintendent for American in New Jersey.

## Arkansas Agents Hold Annual Group Meetings

LITTLE ROCK—Arkansas Assn. of Insurance Agents last week completed its annual series of group meetings at which each regional group elected its chairman and co-chairman for the new association year, beginning September 1st, and, in some groups, its representative on the executive committee of the state association.

Meetings were divided into morning and afternoon sessions, the former devoted to association business, which included discussions of the NAIA advertising campaign and the Arkansas association's participation, the latter to general sessions open to field men and agents, with a program on legislative problems of stock insurance and a panel discussion of problems arising under the homeowners policies, which became effective for use in Arkansas June 15 of this year.

Henry A. Ritgerod, associate general agent, L. V. Martin & Co., general agents, Little Rock, addressed each of the afternoon sessions on Arkansas' proposed new insurance code now under preparation by the Arkansas code commission. He explained, in some detail, how the code was developed and reminded the agents that its adoption by the 1959 legislature would be a "lasting monument of achievement" for the Arkansas association, because it was the agents' group which was largely responsible for the enactment of act 490 of 1957 and its companion \$25,000 appropriation by the legislature to make this possible.

### Warned Of Auto Compulsory

President W. G. Cobb, Little Rock, in the five meetings held in south Arkansas, and Vice-president Robert Davidson, Jonesboro, in the five north Arkansas meetings, warned the agents that attempts would be made to pass a compulsory auto liability law in the 1959 general assembly. They explained the disadvantages of compulsory and urged local producers to get the story across to their local legislatures.

The homeowners panel discussions were conducted by members of Arkansas Field Club. Participating on all panels was Leland Hoff, actuary Arkansas Inspection & Rating Bureau.

Those elected to the executive committee of the state association were: C. S. McNew III, Pine Bluff, for group 8; Forrest Annen, Hot Springs, group 10; Carnall Gardner, Fort Smith, group 4; C. E. Olvey, Pocahtontas, group 2, and Jack East Jr., Little Rock, group 6.

## New Fire Rates For Utah

Fire rate revisions to be effective Oct. 1 in Utah, as filed by Pacific Fire Rating Bureau, were publicized in a story in the Salt Lake City Tribune last week.

Insurance filings in Utah are public information, according to an attorney-general's ruling, hence the 30-day advance notice.

The new rates produce an average reduction in premiums over-all of 9.8%, with the biggest cut going to dwelling business, 21.7%. There will be slight increases for restaurants, bars, grain warehouses and elevators, laundry and dry cleaning shops.

A \$50 deductible on EC is to be introduced, but even with the deductible there will be a slight increase in EC rates. For non-deductible coverage, the EC rates will be increased 32.6%.



## Set Up Credit Cover Rules In New York

(CONTINUED FROM PAGE 1)

...ile dealers, vendors of financed consumer goods, finance and small loan companies, and agents and insurers servicing the business.

Among the many malpractices revealed by the study, according to the superintendent, was sale of unnecessary insurance to the consumer, failure to refund premiums when the debtor paid up in advance, excessive charges for insurance, failure to disclose to the debtor the amount he was paying for insurance, and avoiding claim payment by not furnishing debtors with evidence of insurance. The lender was able to dictate choice of coverages, premiums, insurers and agent.

### Rates Keep Charges High

Because of the reverse rather than normal competition, rates often were established at levels high enough to return to the creditor large dividends and experience refunds, which kept up the charges to the insured debtor, Mr. Wikler stated.

Regulation 27-A, in addition to establishing maximum rates—which can be higher only on a showing by insurer of adverse experience—guarantees debtors the option of selecting insurer, requires all such life and A&S policies to be filed with the department and approved, makes issuing of evidence of insurance to the debtor mandatory, prohibits amount of insurance to exceed the loan outstanding, stops coverage with the indebtedness.

Rule 27-B, dealing with insurance on financed personal property, provides insurance may not be cancelled at the creditor's request unless the debtor is given 10 days notice. Also, in case of total loss and repossession, the insurer must provide the debtor of his estate with a complete accounting, including the amount of loss payment.

### Items To Be Recorded

Credit A&S statistics that must be maintained, subject to call by the superintendent from time to time, are on a policy year basis for group policies and calendar year for individual policies, separately for direct business and reinsurance assumed. Items to be recorded are refunds on terminated insurance, increase in unearned premium reserve, earned premiums, claims paid, increase in claim reserve, claims incurred, other reserve increase, commissions, fees and other allowance, dividends and experience rating refunds and number of A&S claims on which first or any claim was made in the calendar years.

In connection with property coverage, 27-B also requires the showing of coverage, amount, premium, effective and expiration dates, and classification and rating information for motor vehicle collision and liability coverages. The rule emphatically bans creditor settlement of claims and settlement by a producer except up to \$100 maximum loss. If coverage is solely for the interest of the creditor and insurer knows or should know that identifiable charge has been made for the policy to the debtor, the insurer shall notify debtor his interest is not protected, and the producer shall see to it that the debtor knows this.

St. Louis Pond of Blue Goose will hold a barbecue for members and wives, Sept. 13, at Spring Forest Pavilion near Maxville, Mo.

## Cal. Agents Favor Suing Companies

(CONTINUED FROM PAGE 1)

possible." The specific plaintiffs and defendants are not yet named.

President Roger Chickering, Oakland, said contributions are being accepted from members throughout California to finance the lawsuit. He described it as neither an innovation nor departure in the industry, contending that the fundamentals of the business have been built on court decisions.

Mr. Chickering indicated a mailing will be sent out to get a vote from the members who did not attend the regional meetings.

William J. Hobin, vice-president and slated to succeed Mr. Chickering as president at the October convention, said the only quarrel the agents have with the companies is with "the conspiracy that leaves you no place to turn, that makes available only arbitrarily reduced levels of commissions throughout the industry."

### Claims Right of Negotiation

"One of the basic principles of the American agency system is that the individual producer has the right to negotiate with the company for his rate of commission," Mr. Hobin added. "You have that right only because you can represent more than one company. If you can't reach a satisfactory agreement with one company you can turn to another. The only time you lose that right is when there are too few companies left to turn to—when conditions are as they are today."

Milton R. Cheverton, secretary-treasurer, said: "We challenge commission adjustments only when companies agree in advance to make them arbitrarily or unilaterally, with no consultation with the individual producers affected. We challenge such actions simply because companies have no legal right to combine in fixing commission levels and then to impose their thinking on the industry as a whole. Commissions should be—and legally must be—determined by honest competition among the companies. They cannot be determined by a complicated manipulation of bookkeeping entries in a rating bureau office."

The commission situation was the only subject discussed at the 15 regional meetings.

### Tangier Insurer To Move

(CONTINUED FROM PAGE 1)

by the department, but not all of them. During the hearings several of these connected with the company, including Robert Hopps, step-son of Stewart Hopps, refused to answer questions although ordered to do so by the court.

Announcement that International Guaranty will withdraw from California was made by Eugene Clifford, the partner of Lloyd Dinkelspiel. Mr. Clifford said also that Mr. Ehrlich and Stewart B. Hopps were withdrawing from the organization. The latter statement indicates that despite the denials and proceedings, Mr. Hopps was active in the company.

Mr. Clifford expressed the opinion that International Guaranty could start all over again in Chicago with \$500,000, the amount deputy attorney-general Haas of California estimated as needed to keep the company healthy.

Great Southwest Fire of Phoenix has been licensed in Utah.

## Profiteering Claim Attorneys Seen As Menace To U.S. Legal System

(CONTINUED FROM PAGE 5)

these fees and those which the defense lawyer, whose fees are based upon prevailing bar association rates, receives. In almost every damage case the plaintiff lawyer receives a remuneration larger than that of the defense counsel and frequently it is many times as large. Hence, in many communities defense lawyers are turning to the plaintiff's side of the law business because the reward is so much greater, Mr. Gallagher revealed.

### Some High Pressure Tactics

Many times the injured party does not have a free choice in hiring his own lawyer or in deciding whether he needs a lawyer at all, because of exaggerated and high pressure sales talk. Often the injured person is signed up before he even has a chance to find out what the defendants will pay in settlement of his claim. As an example, Mr. Gallagher cited a woman in semi-conscious condition who, when pounced upon by a host of solicitors, submitted to this pressure and was signed up by three different sets of lawyers, obligating herself to pay contingency fees amounting to 105% of any recovery she herself might receive.

"Without realizing it, the lawyers of this country have tolerated, protected and made rich a few shrewd, unscrupulous plaintiff specialists, not only at the expense of their own incomes, but also at the expense of the whole system of existing American jurisprudence," he remarked.

### System Contaminates The Law

"A legal system even partially based on duress, fraud, deceit and high fees, by which a relatively few lawyers solicit cases and become rich; a system in which the great bulk of the damage business today is controlled by a small group; a system by which a part of the courts have been made to feel that the persons who are at least partially responsible for their own injuries should still take money from the pockets of others because of those injuries; a system whereby juries often lose all sense of proportion in returning money verdicts merely because an insurance company is at the other end of the line; a system whereby some lawyers may become small loan sharks so that at high rates of interest they become the lenders of money to their clients, and therefore become involved in a selfish and personal relationship with the claims of their clients; a system in which truth may become an unimportant factor in the evidence which goes before the jury; a system by which a few specialists in the trade of personal suffering take, in many cases, hundreds of dollars in fees for each hour they spend in the service of their client; such a system, my friends, cannot long endure, and no institution such as this particular facet of American jurisprudence, which allows itself to be contaminated by it can long endure either."

### Courts Refuse To Disbar

One of the most "debilitating" effects on local bar associations and law as an honorable profession, he said, arises from the courts refusal to disbar lawyers engaged in illegal practice of law. In some cases they seem to congratulate them for their solicitation and their unethical conduct, Mr. Gallagher charged.

He said it is obvious that the United States is in danger of slipping into a security state whereby citizens often are recompensed, not because they deserve help, but because "for reasons of their own laziness, inability, carelessness or downright meanness, certain financial need is caused to exist in their lives." He warned that if this trend is not halted, a collective security system will emerge in which at first, not the government but individual citizens will have to shoulder the financial burden. This may drive every person beset by injuries to an acceptance of the socialism similar to that which the "legal profession has tenaciously opposed for many years." He added that "if we continue in the path on which many of the plaintiff lawyers, courts and juries are now traveling, compensation without regard to fault to be paid at first by the motorist, and, finally, by the state, is the ultimate result."

### Some Cures May Harm

Whatever social or economic philosophy ultimately dominates the field of personal injury, Mr. Gallagher said he believes that insurance companies "will move with the times and adjust their business practices accordingly." He said that he did not favor a system of payments to all injured based on a workmen's compensation type program. Conceding that this system would save insurance companies and taxpayers money, he said he feared that the cure would be worse than the disease.

"Since I have implicit faith in the high principles, the integrity and the insistence of the great majority of American judges and lawyers in purging our jurisprudence and our profession of cancerous conditions when the truth becomes known to them, I state emphatically that the present trend can be stopped. However, it can only be stopped by the individual and concerted efforts of the courts, the insurance industry, the juries and the attorneys," he declared.

In conclusion, Mr. Gallagher enumerated a number of ways by which insurance companies, courts, attorneys, and juries, if they assume the responsibilities, can make this rehabilitation.

### '57 Loss Ratio 50%;

### Premium 48% In Texas

AUSTIN—Stock, mutual and reciprocal insurers operating in Texas in 1957 showed an over-all earned-incurred loss ratio of 49.97% and a written-paid ratio of 48.08%, according to figures released by the Texas department.

The tables, broken down into six classes of business, showed total earned premiums of \$173,357,222 and incurred losses of \$86,623,473, along with written premiums of \$183,094,001 and paid losses of \$88,028,928. The incurred loss ratios ranged from a low of 16.58% on homeowners to a high of 82.15% on growing crops.

Earned premiums and incurred loss ratios for the several classes are as follows: Fire, \$87,967,871 and 41.70%; extended coverage, \$53,914,049 and 59.86%; homeowners, \$2,924,708 and 16.58%; growing crops, \$6,721,692 and 82.15%; inland marine, \$20,891,369, \$937,533, and 34.43%.



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